



ChronTech has developed and further develops a patent pending new type of injection needle for a more effective uptake of genetic vaccines (IVIN) and vaccine and therapy for hepatitis D. ChronTech also have part ownership in the new platform technology RAS®. The ChronTech share is admitted to trade on First North. Remium Nordic AB is Certified Adviser for ChronTech.

For more information, please visit: www.chrontech.se

INTERIM REPORT JANUARY-SEPTEMBER 2013 CHRONTECH PHARMA

- Research and development costs amounted to SEK 1.7 (10.7) m
- Profit/loss after tax was SEK 9.1 (-14.9) m
- Earnings per share were SEK 0.06 (-0.08)
- Net sales SEK 15.1 (-) m
- ChronTech has closed the deal concerning the sale of its hepatitis B and C technologies to the Irish company Avac Pharma Ltd. This means that ChronTech has received 625,000 USD, that the earlier loan of 625,000 USD has been assigned to Avac Pharma Ltd, another 1 million USD will be paid on or before the first anniversary of Closing. This payment amount to a total of 15.1 MSEK. Avac Pharma Ltd will furthermore pay up to 1.5 million USD for the further development of ChronTech's injection technology IVIN.
- The Swedish Companies Registration Office has during the period registered the redemption of 80,274,295 shares in ChronTech Pharma AB.
- ChronTech has carried out rights offering of shares and convertibles raising approx. 9 MSEK before transaction costs. Both offerings were oversubscribed. As of September 30, 2013 4.7 MSEK has been paid in and the rest has been paid in October 2013.
- ChronTech has applied for patent application for a new type of treatment of hepatitis D (HDV).
- ChronTech's IVIN technology allows for lower vaccine doses with maintained efficacy.

In the event of any discrepancy between the Swedish and English Interim Report, the Swedish version will take precedence.

OPERATIONS

After the sale of the hepatitis B and C technologies to an Irish company, Avac Pharma Ltd, ChronTech holds the entire needle technology IVIN, early projects concerning hepatitis D-therapy and T-cells therapy of hepatitis C, as well as the 20-percentage ownership in Opsonic Therapeutics Inc.

IVIN, a new way to administer DNA

To solve the problem with uptake of DNA into cells the researchers at ChronTech have developed a technique, which through a concentrated direction of injection result in a considerable stronger production of the vaccine protein as compared to what is achieved with regular injection needles. ChronTech has applied for patent for this new injection needle. During the third quarter 2010 industrial development of IVIN started through the consulting firm Team Consulting in England. They have specialized in the development of medical device products, in particular in delivery systems. Among other things they have earlier on a consulting basis developed auto injectors. The first prototypes of IVIN were delivered during the month of October 2010 and needles and prototypes for controlled injection for preclinical studies were delivered during the second and fourth quarter of 2011. User friendly and improved construction is now being developed. Team Consulting will also deliver an entire production line. IVIN will form the basis for the clinical development of the HCV vaccine and HBV vaccine, which have been sold to Avac Pharma Ltd, the company which according to the sales contract will pay for the clinical development of IVIN at a cost up to 1.5 million USD.

The results from using IVIN in both small and large animals have been positive. IVIN technology allows for lower vaccine doses with maintained efficacy.

Hepatitis B and C technologies

As regards to the Company's hepatitis B and C technologies please see under "Profit/Loss".

Hepatitis D

ChronTech's has applied for patent applications for new types of treatment of hepatitis D. Hepatitis D is a virus that infects simultaneously with hepatitis B and approximately 5% of all carriers of hepatitis B are doubly infected with hepatitis D, which worsen the prognosis of the infection. Unfortunately, today there is no good treatment for hepatitis D infection and the treatment for hepatitis B does not usually work against hepatitis D. This will be one of ChronTech's main targets besides IVIN.

T cell therapy

ChronTech has applied for patents for the redirection of T-cells against new targets using gene therapy. This technology could be used against a number of viruses and the development costs are relatively low, only DNA plasmids have to be produced. Besides, this type of therapy can be developed at a relatively fast pace.

Patents

ChronTech's strategy is to secure patent protection in the regions significant to the company, i.e. North America, Europe and Asia. The patent portfolio consists of 25 approved patents and 24 patents pending as of September 30, 2013. Those patents concerning ChronVac-C, i.e. Bvacc and Cvacc have been transferred to Avac Pharma Ltd during the period.

Board

The three directors William W. Hall, Simon Kukes and John Climax have as of March 28 resigned from the board of directors of ChronTech Pharma AB.

The Annual General Meeting on June 26, 2013 resolved to re-elect Thomas Lynch, Anders Vahlne and Matti Sällberg as members of the Board. In addition, Bengt Hemmingsson, was elected as member of the Board. Thomas Lynch was re-elected as Chairman of the Board. The Meeting resolved that no directors' fees shall be payable.

Employees

The company had 3 (6) employees at the end of the period, whereof 2 part-time employed.

Profit/Loss

ChronTech has now closed the deal concerning the sale of its hepatitis B and C technologies to the Irish company Avac Pharma Ltd in accordance with the Term Sheet previously published. This means that the Company has received 625,000 USD, that the earlier loan of 625,000 USD has been assigned, another 1 million USD will be paid on or before the first anniversary of Closing, and that Avac Pharma Ltd will pay up to 1.5 million USD for the further development of ChronTechs injection technology IVIN. Consequently, the purchase price amounts to USD 2.25 m (SEK 15.1) m which has been accounted for in the third quarter 2013.

Operating costs were SEK 2.2 (5.3) m for the third quarter 2013, and SEK 5.5 (15.0) m for the period January-September 2013.

The profit/loss after financial items was SEK 12.7 (-5.3) m for the third quarter 2013, and SEK 9.1 (-14.9) m for the period January-September 2013.

Research and development costs were SEK 0.8 (4.0) m for the third quarter 2013, of which external researchers and subcontractors SEK 0.8 (4.0) m. Research and development costs were SEK 1.7 (10.7) m for the period January-September 2013, of which the external researchers and subcontractors were SEK 1.7 (10.6) m.

Profit/loss after financial items amounts to SEK 9.1 m for the period January-September 2013. Tax charge has not been deemed to arise, but the company will, in the fourth quarter, investigate if earlier losses can be set off against arisen profit.

Investments

Investments in tangible fixed assets

Net investments in equipment amounted to SEK 0.0 (0.0) m for the third quarter 2013, and SEK 0.0 (0.3) m for the period January-September 2013.

Financial Position

The company's liquid assets amounted to SEK 3.1 (0.3) m as of 30 September 2013.

Current liabilities amounted to SEK 9.2 (5.4) m as of 30 September 2013, of which short-term convertibles were SEK 2.4 (-) m, and income tax liability SEK 1.6 m (the same amount in respect of deferred tax asset is accounted for under Financial Fixed Assets in the Balance Sheet).

As of 30 September 2013, shareholders' equity was SEK 4.0 (-3.3) m.

The remaining SEK 4.4 m in the new issues has been paid in October 2013, of which SEK 3.7 m has increased the convertible loan and SEK 0.7 m has increased shareholders equity.

In accordance with the decision of the Extra General meeting on the 6th of May, 2013, the Swedish Companies Registration Office, has registered the redemption of 80,274,295 shares in ChronTech. The registration took place in July.

As of 30 September 2013 the company share capital amounts to SEK 6,051,763.62, including SEK 2,307,031.98 paid-up but not yet registered at the Swedish Companies Registration Office, and SEK 718,849.83 subscribed (paid 8 October 2013).

As of 30 September 2013 the number of shares was 201,725,454, including 76,901,066 paid-up but not yet registered at the Swedish Companies Registration Office, and 23,961,661 subscribed (paid 8 October 2013). Each share has a nominal value of SEK 0.03. On September 5th 2012 the shares in ChronTech was placed on the observation segment due to uncertainty regarding the Company's financial situation. The observation status was removed on 8 October, 2013.

Rights issues

In September 2013 the company has carried out new issues with preferential rights for existing shareholders. One existing share gave two separate subscription rights, one concerning the subscription for one share at SEK 0.03 (totally 100,862,727 shares) and one concerning the subscription of one convertible at SEK 0.06 (totally 100,862,727 convertibles). The result show that the issue for subscription of shares was oversubscribed by more than 100 % and that the issue for convertibles was slightly oversubscribed. The company raised SEK 9 m before transaction costs.

The convertible loan with accrued interest is due for payment on the 30th of September 2014 in as much conversion to stock has not been made before this date. The loan will run at an annual interest of 10 per cent from the 1st of October 2013 up to the 30th of September 2014. In the event of conversion there will be no interest.

The aim of the rights issue and the convertible loan is to secure the

Company's business for at least one year. ChronTech will concentrate its activities around the Company's new injection technology, new prevention and treatment against hepatitis D virus infection, and the ownership in the American company Opsonic.

Stock option plan

The company has no staff stock option plan.

Authorization to issue new shares, warrants and convertible debentures

The Annual General Meeting on June 26, 2013 resolved to authorize the Board to resolve, at one or more occasions until the next Annual General Meeting, and with or without the shareholders pre-emption rights, to issue new shares, share warrants and/or convertible debentures. Payment shall be made in cash and/or in kind or by set-off or otherwise with conditions. The purpose of the authorization is to enable the Company to raise working capital. The reason for the deviation from the shareholders' pre-emption rights is to facilitate the procurement of capital. If new issue of shares is paid in cash without the shareholders pre-emption rights the issuing conditions must be market oriented. The authorization has partly been exercised, as shown under the heading Financial Position.

Risks and Uncertainty Factors

The risks are primarily associated with ChronTech's business risk and possibilities to finance the development of the company's technologies.

Another risk ChronTech is exposed to lies in its competitive market, with the risk from competing companies.

The Company's Board has made the collected judgement that IVIN and the hepatitis D projects not only are considerably less costly than the two projects (hepatitis B and C), which were sold to Avac Pharma Ltd, but also have a greater chance to succeed, particularly for a small company like ChronTech.

For a more in-depth discussion of the company's exposure to risk, please refer to the Risk Factors section (pages 14-15) and note 18 of ChronTech's Annual Report 2012 and ChronTech's Prospectus November 2011 (only available in Swedish).

General Meetings

Extra General Meetings

At the extra general meeting (EGM) of ChronTech Pharma AB (below "the Company") on the 19th of April 2013 it was resolved to accept that a group of shareholders acquire a percentage of approximately 70 per cent of the Company's project regarding development of DNA vaccines against hepatitis B and hepatitis C.

An extra general meeting on the 6th of May 2013 resolved to reduce the share capital by means of redemption and cancellation of shares and to amend the articles of association.

An extra general meeting on the 16th of May 2013 resolved to accept the Board's additional proposal as step in the reconstruction of the Company as a complement to what was decided at the EGM of the 19th of April 2013. The same group of shareholders acquire the entire, i.e. also the remainder 30% of the Company's project regarding development of DNA vaccines against hepatitis B and hepatitis C.

Accounting Policies

This Interim Report has been compiled in accordance with the Swedish Accounting Standards Board's general recommendations for voluntary interim reporting, BFAR 2007:1. The accounting policies applied are consistent with those applied when preparing the 2012 Annual Report.

Related Party Transactions

For more information please see above, "General Meetings", *Extra General Meetings*.

Forthcoming Financial Reports

Year-end Report 2013	31 January 2014
Annual Report	March 2014
Annual General Meeting	April 2014

The Board of Directors and the Chief Executive Officer hereby declare that the Interim Report gives a true and fair view of the company's operations, financial position and results, and that it accurately reviews the material risks and uncertainties facing the company.

Huddinge, Sweden, 25 October 2013

Thomas Lynch
Chairman

Anders Vahlne
CEO and Board member

Matti Sällberg
Board member

Bengt Hemmingsson
Board member

This Interim Report has not been subject to review by the company's auditors

FOR MORE INFORMATION, PLEASE CONTACT:

Anders Vahlne, CEO and Head of Research
Mobile +46 (0)70 928 0528
e-mail: anders.vahlne@chronotech.se

INCOME STATEMENT

SEK m	3 mth. Jul-Sep 2013	3 mth. Jul-Sep 2012	9 mth. Jan-Sep 2013	9 mth. Jan-Sep 2012	12 mth. Jan-Dec 2012
Net sales	15.1	-	15.1	-	-
Other operating income	0.0	0.0	0.0	0.0	0.0
Total operating income	15.1	0.0	15.1	0.0	0.0
Operating costs					
Other external costs ¹⁾	-1.6	-4.5	-3.5	-12.8	-16.8
Payroll costs	-0.5	-0.7	-1.7	-2.0	-2.7
Depreciation of tangible fixed assets	-0.1	-0.1	-0.3	-0.2	-0.3
Total operating costs	-2.2	-5.3	-5.5	-15.0	-19.8
Operating profit/loss	12.9	-5.3	9.6	-15.0	-19.8
Profit/loss from financial investments					
Interest income and similar profit/loss items	0.0	0.0	0.0	0.1	0.1
Interest costs and similar profit/loss items	-0.2	-0.0	-0.5	-0.0	-0.0
Total profit/loss from financial investments	-0.2	0.0	-0.5	0.1	0.1
Profit/loss after financial items	12.7	-5.3	9.1	-14.9	-19.7
Tax on net profit/loss	-	-	-	-	-
Net profit/loss for the period	12.7	-5.3	9.1	-14.9	-19.7

1) R&D costs specified under key figures on p. 6

EARNINGS PER SHARE

SEK	3 mth. Jul-Sep 2013	3 mth. Jul-Sep 2012	9 mth. Jan-Sep 2013	9 mth. Jan-Sep 2012	12 mth. Jan-Dec 2012
Earnings per share	0.11	-0.03	0.06	-0.08	-0.11
Earnings per share after dilution	0.11	-0.03	0.06	-0.08	-0.11
Outstanding average number of shares	113,950,927	181,137,022	158,495,554	181,137,022	181,137,022

Earnings per share: net profit/loss divided by the average number of shares. Earnings after dilution: net profit/loss divided by the average number of shares after dilution. No outstanding options give rise to any dilution effect when calculating earnings per share. Conversion has been affected for the bonus issue element of consummated rights issues.

NUMBER OF OUTSTANDING SHARES

	3 mth. Jul-Sep 2013	3 mth. Jul-Sep 2012	9 mth. Jan-Sep 2013	9 mth. Jan-Sep 2012	12 mth. Jan-Dec 2012
No. of outstanding shares, opening balance	181,137,022	181,137,022	181,137,022	181,137,022	181,137,022
Redemption of shares	-80,274,295	-	-80,274,295	-	-
Rights issue ¹⁾	100,862,727	-	100,862,727	-	-
Outstanding number of shares, closing balance	201,725,454	181,137,022	201,725,454	181,137,022	181,137,022

A statement of changes in equity is presented on page 11 in ChronTech's Annual Report 2012, and in ChronTech's Prospectus November 2011, page 39 (only available in Swedish). Conversion has been affected.

1) of which 76,901,066 paid-up but not registered at the Swedish Companies Registration Office, and 23,961,661 subscribed for (paid 8 October 2013).

BALANCE SHEET

SEK m	30 Sep 2013	30 Sep 2012	31 Dec 2012
Subscribed not yet paid capital	0.7	-	-
Tangible fixed assets	0.8	1.1	1.1
Financial fixed assets	1.7	0.1	0.1
Current receivables	6.9	0.6	0.8
Cash & bank balances	3.1	0.3	0.1
Total assets	13.2	2.1	2.0
Shareholder's equity (see note below)	4.0	-3.3	-8.1
Short-term convertibles	2.4	-	-
Current liabilities	6.8	5.4	10.1
Total liabilities and shareholder's equity	13.2	2.1	2.0

STATEMENT OF CHANGES TO SHAREHOLDERS' EQUITY

SEK m	30 Sep 2013	30 Sep 2012	31 Dec 2012
Shareholder's equity, opening balance	-8.1	11.7	11.7
Rights issue, 100,862,727 shares ¹⁾	2.9	-	-
Net profit/loss	9.1	-14.9	-19.7
Shareholders' equity, closing balance	4.0	-3.3	-8.1

1) Includes issue costs of SEK 0.1 m

SHAREHOLDERS' EQUITY PER SHARE

SEK	30 Sep 2013	30 Sep 2012	31 Dec 2012
Shareholders' equity per share	0.02	-0.2	-0.04

Shareholders' equity per share: shareholders' equity divided by the number of outstanding shares at the end of the period.
Conversion has been affected for the bonus issue element of consummated rights issues, including the right issue registered in January 2012.

CASH FLOW STATEMENTS

SEK m	9 mth. Jan-Sep 2013	9 mth. Jan-Sep 2012	12 mth. Jan-Dec 2012
Cash flow from operating activities			
Net profit/loss	9.1	-14.9	-19.7
Depreciation and write-downs	0.3	0.2	0.3
Cash flow from operating activities before change in working capital	9.4	-14.7	-19.4
Cash flow from change in working capital			
Decrease/increase (-) in receivables	-6.1	0.5	0.4
Decrease(-)/increase in current liabilities	-2.5	-1.0	3.6
Net cash flow used in operating activities	0.8	-15.2	-15.4
Net cash flow used in investment activities	-0.0	-0.3	-0.3
Cash flow from financing activities			
New issue/capital contribution	2.2*	-0.0	-0.0
Cash flow from financing activities	2.2	-0.0	-0.0
Cash flow for the period	3.0	-15.5	-15.7
Liquid assets, at start of period	0.1	15.8	15.8
Liquid assets, at end of period	3.1	0.3	0.1

* Does not include subscribed not yet paid part (SEK 0.7 m) in the rights issue newly carried out.

KEY FIGURES

	3 mth. Jul-Sep 2013	3 mth. Jul-Sep 2012	9 mth. Jan-Sep 2013	9 mth. Jan-Sep 2012	12 mth. Jan-Dec 2012
Return on capital employed, %	¹⁾	neg	¹⁾	neg	neg
Return on equity, %	¹⁾	neg	¹⁾	neg	neg
Equity/assets ratio, %	30.3	neg	30.3	neg	neg
Debt/equity ratio	0.6	0.0	0.6	0.0	0.0
Liquid assets, SEK m	3.1	0.3	3.1	0.3	0.1
Share risk-bearing capital, %	30.3	neg	30.3	neg	neg
Cash flow for the period, SEK m	3.1	-2.4	3.0	-15.5	-15.7
Net investment in tangible fixed assets, SEK m	0.0	0.0	0.0	0.3	0.3
Internal research and development (written off), SEK m	0.0	0.0	0.0	0.0	0.0
External research and development (written off), SEK m	0.8	4.0	1.7	10.6	13.9
Salaries, benefits and social security costs, SEK m	0.5	0.7	1.7	2.0	2.7
Average No. of employees	2	3	2	3	3

1) Not quoted: positive result, but negative average shareholders' equity