

SaltX Technology Holding AB (publ)

INTERIM REPORT Q1 2019

This information is information which SaltX Technology is required to disclose under the EU Market Abuse Regulation. The information has been made public at 08.00 on May 3, 2019.



**GREAT INTEREST WHEN
SALT X INAUGURATES THE
PILOT PLANT IN BERLIN**

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INTERIM REPORT Q1 2019

FINANCIAL EVENTS

Q1*

- ◆ Net sales totalled MSEK -1.7 (1.5)
- ◆ Operating profit/loss (EBIT) amounted to MSEK -20.1 (-13.8)
- ◆ Cash flow from operating activities amounted to MSEK -25.2 (-12.2)
- ◆ Earnings per share before and after dilution were SEK -0.30 (-0.25)

SIGNIFICANT EVENTS

Q1

- ◆ Karl Bohman has left his position as CEO – Harald Bauer has taken over as temporary CEO
 - ◆ SaltX agrees to terminate a license for gas heat pumps in China
- After the end of the period
- ◆ Great interest when SaltX inaugurated the pilot plant in Berlin
 - ◆ Carl-Johan Linér is the new CEO of SaltX Technology - Significant experience from ABB's energy business

ON MAY 6 CARL-JOHAN LINÉR WILL TAKE UP THE POSITION AS CEO OF SALTX. CARL-JOHAN HAS ALMOST TWENTY-FIVE YEARS' EXPERIENCE WITHIN THE POWER-BUSINESS.

KEY FIGURES*

Group, TSEK	Q1 2019	Q1 2018	Full year 2018
Net sales	-1,706	1,527	6,464
Operating profit/loss (EBIT)	-20,143	-13,797	-121,062
Earnings per share before and after dilution	-0.30	-0.25	-2.14
Equity	122,562	166,546	143,598
Cash flow from operating activities	-25,242	-12,232	-50,556
Equity ratio (equity/balance sheet total)	69%	74%	70%

* The Group applies IFRS 16 Leases from January 1 and all figures for 2019 in this interim report include this change. Comparative figures are not recalculated.

THE CEO'S ADDRESS

2019 has started intensively.

In February, the Board decided that SaltX needed a different management direction and terminated Karl Bohman's role as CEO. A recruitment process was initiated and I was asked to take on the role of temporary CEO. This has happened previously in my career and I accepted this position. The recruitment process has now ended and Carl-Johan Linér will take up the position as CEO of SaltX on May 6. Meet him in a short interview on page 6.

FOCUS ON ENERGY STORAGE

SaltX is a technology development company with a focus on energy storage. In recent years the company has had several different application areas where the common denominator is the company's expertise and patents concerning and associated with energy storage with salt. In 2018, we have honed the company's focus stepwise one of these areas: large-scale energy storage, EnerStore. The energy storage field is a high-profile area as it is

one of the most important keys in our transition to renewable energy.

Climate threats and the need for conversion to renewable energy is something that engages us all. This presupposes that we solve how we can store the volatile renewable energy that is produced until it is required.

SaltX technology is thermo-chemical, which means that we store heat both chemically and sensibly. We see that our technology primarily fits into the market where high-quality steam, between 160-450 degrees is required, for example in manufacturing industries, cities or in CHP plants where the steam can be converted into electricity.

The reason why we can succeed with this is primarily because of one of our patents: nano-coated salt (NCS). Nano-coating enables us to use the salt thousands of times without destroying the mechanics or the salt clumping together over time. We are convinced that our solution will be able to solve a number of the storage problems.

IN APRIL, SALT X'S FIRST TEST FACILITY WAS INAUGURATED AT VATTENFALL'S CHP PLANT IN BERLIN.

PILOT PROJECT WITH VATTENFALL

Almost two years ago, we signed an agreement with a consortium, which includes Vattenfall and the Swedish Energy Agency as a financier, to construct a pilot plant to test our solution for the large-scale storage of energy. After investigating several different solutions, and significant effort and investments, in March 2019 we were able to carry out the first tests of the plant at Vattenfall's CHP plant in Berlin. The facility was inaugurated a few weeks later in April with over 50 companies present at the actual inauguration, but also at separate meetings with the potential partners and customers who showed the greatest interest. We continue to demonstrate the facility for potential customers and partners.

Vattenfall and others are now very interested in following the tests, which are expected to take a few months.

OTHER APPLICATION AREAS

We see significant opportunities in energy storage on a large scale and have

therefore progressively chosen to increase prioritization on this area. One result of this is that our other application areas have received less attention and their development has largely been up to our respective partners.

For the SunCool application, solar collectors with storage capacity, we have been looking for some time for a partner who can assume total responsibility for development, production and commercialization, although the search is progressing slowly.

In regard to HeatBoost, we have collaborated for many years with partners to produce a thermal heat pump and we have achieved several advances. At the end of 2017, SaltX signed a license and cooperation agreement with an external party, but concluded at the beginning of 2019 that the conditions for success with this cooperation were not in place. Therefore, the agreement was terminated, which meant that license payments received had to be paid back.

SaltX's business model focuses on salt, but

we have had to take on a greater responsibility, which is too great a challenge for a small company like SaltX. Therefore, we are now looking for other parties that can take over the project.

In the application for cooling in vehicles, VerdAcc, the work is carried out through our partner Mobile Climate Control without any further involvement on our part.

THE FUTURE LIES IN ENERSTORE

To return to what is happening and will happen within EnerStore. The next step is to make this solution more commercial and apply the technology in industrial applications where high-grade steam is used. We have looked for, and continue to look for, additional partners who can contribute to the development of the plant itself to make it more diverse in commercial installations - both for industrial steam as well as for electricity, and for customers who want to sign long-term energy storage agreements.

We will focus on the process around the na-



no-coated material and collaborate with partners who offer complete installations to the end customers.

I look forward with confidence to a continued interesting 2019, both in terms of development and commercially.

Stockholm, May 2019
Harald Bauer
CEO

The SaltX test facility is opened by Marcus Witt, Vattenfall and Harald Bauer, CEO of SaltX. On the right is Simon Ahlin, Head of Sales at SaltX.

INTERVIEW WITH CARL-JOHAN LINÉR, THE NEW CEO OF SALT X

You are SaltX's new CEO. Why did you decide to take on the position?

SaltX has a very interesting product and customer offering.

There is great technical scope in the SaltX offering - both for the local and the global market. We have a high level of so-called IP rights, which have a significant value for the company if we can exploit them properly.

It is also very satisfying to work with something that contributes to the sustainable development of our society.

Having spent much of my professional life in the energy industry, I see very great overall potential in SaltX. This is my arena.

What will be the first thing you do as the new CEO?

My initial task and focus will be to familiarize myself with the company's situation with regard to the business situation - where the customers are in relation to the SaltX solution.

What we as a company need to do to establish EnerStore with our customers.

In addition, I will focus on developing and adapting the organization in the best possible way.

You have substantial experience from the energy industry after many years at the power giant ABB. How will this experience benefit SaltX?

I have an extensive network within the energy sector. After my years in the industry, I have a good understanding of how the market thinks - how the procurement process works, what is required to get the business done and then to win the business deals.

SaltX operates in an international arena where I have considerable experience to contribute.

I believe that my knowledge of how to do business in different cultures can make a contribution here. My first impression is that there is great interest in the market about SaltX's solution.

What's your view on the SaltX solution in relation to more established energy storage solutions?

In general, SaltX can become an important part

HAVING SPENT MUCH OF MY PROFESSIONAL LIFE IN THE ENERGY INDUSTRY, I SEE VERY GREAT OVERALL POTENTIAL IN SALT X.

of the energy storage of the future, although it is a little too early to specify in more detail. There will be a need for a number of different types of energy storage solutions.

In this respect SaltX stands out as one of several very interesting solutions.

In your opinion, how ready is the market for the SaltX solution?

The need really exists. The rate at which we can win customers and build solutions with them will vary between companies and markets.

What is the greatest challenge for SaltX?

To clearly prove the benefits of EnerStore and to show that our solution works in the way we say it does.

To find a clear business model, for example in the relationship with different partners.

Do you own shares in SaltX?

I have recently bought a small holding of 5,000 shares.



"MY FIRST IMPRESSION IS THAT THERE IS GREAT INTEREST IN THE MARKET ABOUT SALT X'S SOLUTION."

**CARL-JOHAN LINÉR
CEO**

FOCUS ON ENERSTORE

SaltX's new strategy is to focus on the application area for large-scale energy storage - EnerStore. There are several reasons for the new strategy:

- ◆ **Market Dynamics:** It is estimated that the market for energy storage will see a sixfold increase by 2030. SaltX must build a market position already now in order to be able to compete in this market.
- ◆ **Tested and protected technology:** SaltX has strong patent protection worldwide for its nano-coated salt. The technology has been tested and proven by independent parties such as Stockholm University and the German DLR (the German Aerospace Center).
- ◆ **Reference project soon completed:** The pilot project with Vattenfall is an excellent first reference project that can be used to sell large projects to other energy companies and customers with similar requirements.
- ◆ **Competitive:** Compared to other alternatives for thermal energy storage such as molten salt or concrete, EnerStore is

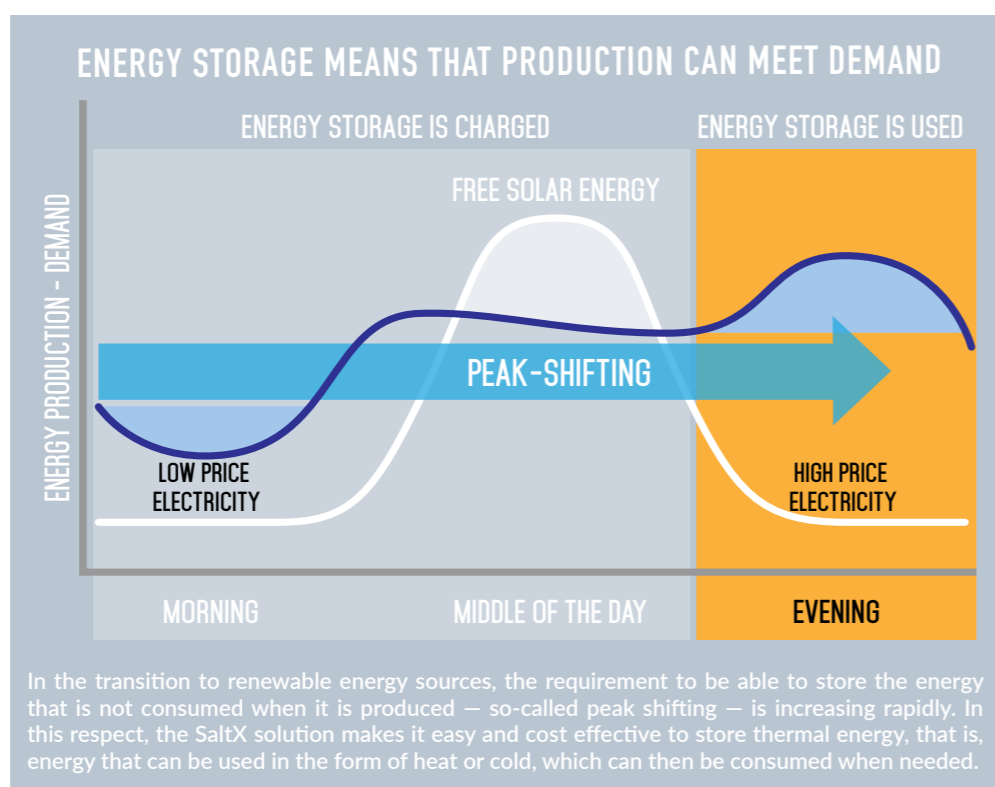
ENERSTORE COMPARED WITH OTHER ALTERNATIVES... IS CONSIDERABLY CHEAPER AND REQUIRES SIGNIFICANTLY LESS VOLUME

- ◆ **Complement to batteries:** SaltX solution should not be seen as a direct competitor to batteries that store electrical energy. Instead, it is a complement because the heat from SaltX can be converted to steam, which drives a common steam turbine which in turn generates electricity.
- ◆ **Supply chain in place:** With the agreements with Nordkalk and Wacker, SaltX has secured

considerably cheaper and requires significantly less volume.

the partners needed for large-scale production and to meet expected and greater demand in years to come.

As solar and wind power is being expanded, more and more cheap electricity is generated at certain times of the day. Unfortunately, this does not happen when demand is high. Therefore, the demand is growing rapidly for so-called peak-shifting, which makes it possible to store electricity in a way that makes it easy to consume when



demand is greater.

The new strategy is to focus on two segments within peak shifting, which is also based on the same solution and principle as the pilot project being carried out in conjunction with Vattenfall:

- 1. Wind power for district heating:** The target customers here are often energy companies such as Vattenfall. District heating companies in Europe, especially in Germany, have expressed great interest in EnerStore and are following the pilot project with Vattenfall closely.
- 2. Renewable electricity for steam:** The target customers here are often large companies and industries that consume large amounts of steam in their industrial processes. In many cases, they have already installed solar or wind power that generates surplus energy.

SaltX sees that considerable investment is being made in Germany, the United States and China in the above-mentioned areas. Renewable energy is developing rapidly and governments often provide support and invest significantly in energy storage, mostly in batteries. Therefore, it is natural that SaltX focuses primarily on these markets.

GREAT INTEREST WHEN SALT X INAUGURATED THE PILOT PLANT IN BERLIN



Some of the participants at the inauguration. From the left: Tomas Nygren, CFO Industrifonden, Tomas Görling, Senior Investment Manager Industrifonden, Per Thöresson, Sweden's Ambassador to Germany, and Göran Bolin, founder of SaltX.

SaltX and the Vattenfall inaugurated the pilot plant in Berlin on April 11, 2019. The energy storage is based on nano-coated salt and has a effective output of 0.5 MW and can store 10MWh of energy. During the inauguration week, manufacturing companies, energy companies and municipalities were all present.



From the left: Hendrik Röglin, Project leader Vattenfall, Ruben Hoffmann, Project Manager Vattenfall.



Marcus Witt, VP Asset Management Heat Vattenfall.



Christofer Rhén, Head of Business Development SaltX with Simon Ahlin, Head of Sales SaltX.



Marcus Witt, Vattenfall and Harald Bauer, CEO SaltX

BUSINESS MODEL FOR ENERSTORE

SaltX Technology is focusing heavily on the large-scale storage of thermal energy. The Company's solution, EnerStore, can handle several of the challenges that the transition to renewable energy sources entails. By storing thermal energy in the company's patented nano-coated salt, SaltX can help solve the big challenge with storage, which is one of the keys to managing a fast and necessary transition. This is a development that the

energy companies around the world are aware of, but which they have not been able to solve yet. This is why SaltX is experiencing very great interest in EnerStore.

ENERGY STORAGE – THE KEY TO THE TRANSITION

The background is essentially that a change in energy production from oil, gas, coal and nuclear power creates new and major challenges if energy is to be consumed in the same manner as before -



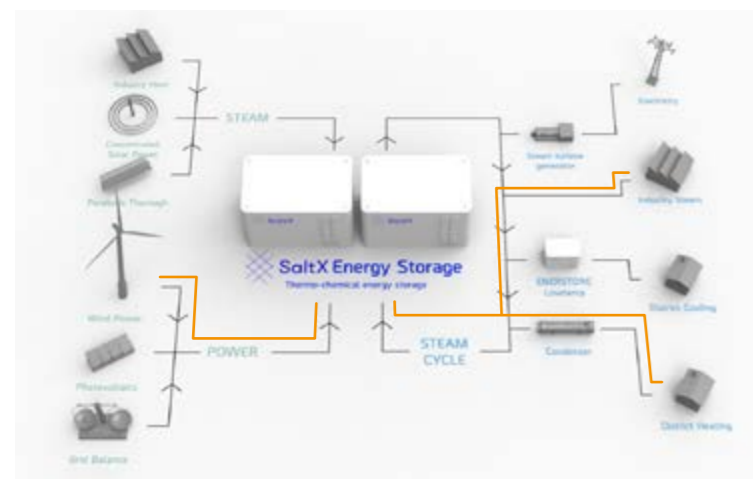
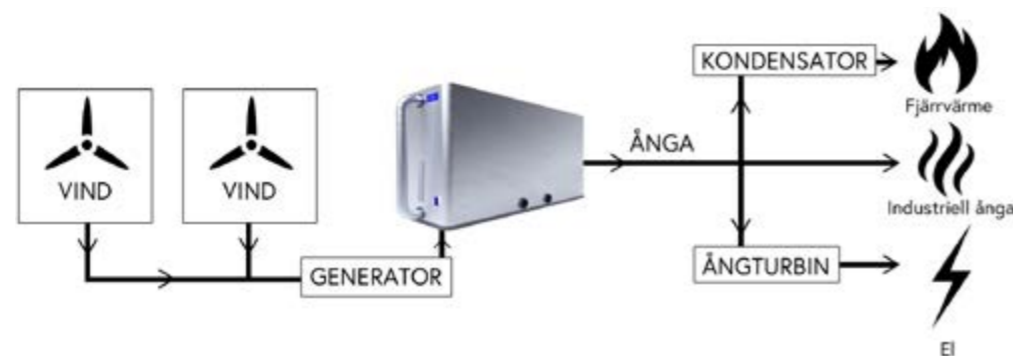
SaltX patented nano-coated salt is capable of being charged with thermal energy an almost unlimited number of times thus making it very cost-effective.

and in the way on which modern societies are based. Common to these non-renewable energy sources is that they have a steady production rate, unlike the production of energy from renewable sources such as solar and wind power which instead have an uneven production rate. This is a situation that requires the energy to be stored in order to be able to consume it whenever you want. In turn this is necessary if the transition to renewable energy sources is not to be too painful. It must be possible to manage the fluctuations in the network and this is where large-scale storage becomes a necessity.

CURRENT OPTIONS – EXPENSIVE AND COMPLICATED

Large-scale storage is complex and no one has yet found a complete solution to this difficult challenge. Common to large-scale storage solutions that exist today is that they are expensive and complicated.

Another solution that has been tested is called "pumped hydro",



In the future, SaltX energy storage will offer the opportunity to store several different energy types and produce several different types of energy.

which in slightly simplified terms means that water is pumped up to a great height and stored in reservoirs and then hydropower is subsequently generated by releasing water. This is an option that relies on the fact that there are both mountains and room for reservoirs in the region.

There are some other solutions but what these have in common is that they are seen primarily as complementary forms of storage.

ENERSTORE SOLVES MANY PROBLEMS

Large-scale storage of thermal energy of the type offered by EnerStore solves some of the major problems that the other storage formats have.

The major energy companies around Europe and the rest of the Western world are currently struggling with this storage problem because they rely on energy production from coal, oil and gas. Sweden is something of an exception, as the problems are relatively limited because we have significant production of energy from water and nuclear power. There is also a large supply of biofuels from Sweden's extensive forests.

THE MARKET FOR ENERGY STORAGE IS GROWING

In the transition to renewable energy, the energy storage market has emerged as a very important element. It is clear that many different types of storage forms are needed to cover the different requirements.

SaltX has focused on the heating area, where major changes are taking place around the world.

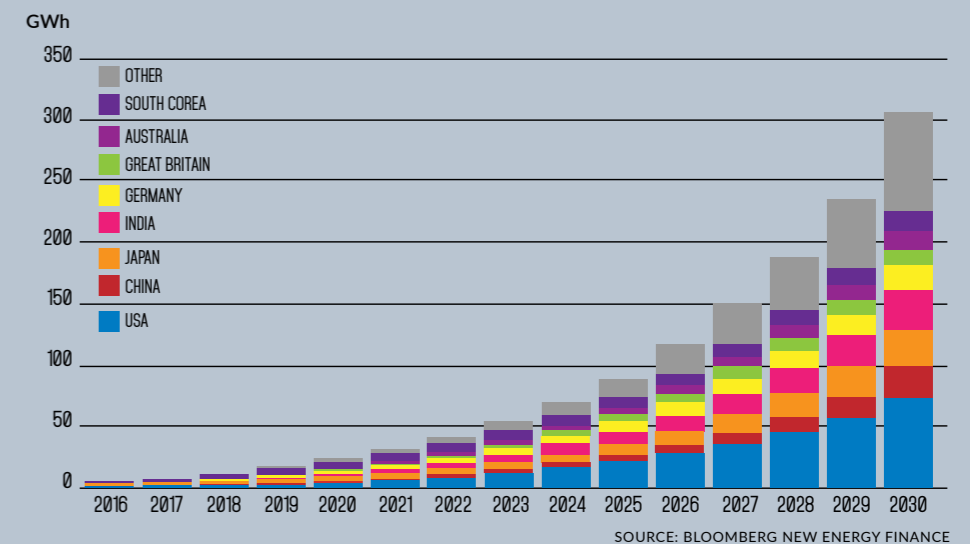
Municipalities, energy companies and, above all, power plant owners are all looking for new solutions now that it is clear that the coal power plants in the country will be closed.

SaltX primarily processes this customer group in order to best utilise the energy storage technology developed for Vattenfall and apply it commercially.

GERMANY IS LEADING THE WAY

This is particularly evident in Germany.

SIGNIFICANT INCREASE IN ENERGY STORAGE GLOBAL ACCUMULATED INSTALLED STORAGE



According to Bloomberg, it is expected that large amounts of energy storage will be installed, and some of the top-rated countries for this are the US, China and Germany.

SIGNIFICANT EVENTS

...DURING Q1

FOCUS ON LARGE-SCALE ENERGY STORAGE LEADS TO IMPAIRMENT OF ASSETS

SaltX's focus on large-scale energy storage – EnerStore – has resulted in the impairment of assets within other application areas in the accounts for 2018.

KARL BOHMAN HAS LEFT HIS POSITION AS CEO – HARALD BAUER HAS TAKEN OVER AS TEMPORARY CEO.

Karl Bohman left his position as CEO on February 14 and CFO Harald Bauer took over at the same time as temporary CEO.

SALT X AGREED TO TERMINATE A LICENSE FOR GAS HEAT PUMPS IN CHINA

SaltX terminated a license and cooperation agreement with Stjernberg Automation AB. SaltX has repaid SEK 3.2 million in previously paid license fees. The reason is that the collaboration has not provided the intended results.

SALT X'S PILOT PLANT IN BERLIN IS IN OPERATION

SaltX started operation of the large-scale pilot facility at Vattenfall in Berlin in March. The first charges and discharges were performed with satisfactory results. The inauguration for partners and other invited guests took place on April 11, 2019.

GÖRAN BOLIN BECOMES HEAD OF INNOVATION

SaltX founder and CTO Göran Bolin assumes a new role in the company as Head of Innovation. Göran has been active in the company and its predecessors for decades.

...AFTER THE END OF THE PERIOD

GREAT INTEREST WHEN SALT X INAUGURATED THE PILOT PLANT IN BERLIN

In April, SaltX together with Vattenfall, premiered the pilot plant for large-scale energy storage in SaltX patented nano-coated salt. The launch attracted a great deal of interest from both the press and the energy industry. Through the pilot plant, Vattenfall will evaluate large-scale energy storage in nano-coated salt over the coming months.

CARL-JOHAN LINÉR IS THE NEW CEO OF SALT X TECHNOLOGY – CONSIDERABLE EXPERIENCE FROM ABB'S ENERGY BUSINESS

SaltX has recruited Carl-Johan Linér as its new CEO. With the new CEO, SaltX gains a leader with experience as Vice President of ABB Sweden and as Head of ABB Division Power Products in Ludvika.

FINANCIAL OVERVIEW

JANUARY-MARCH - Q1

INCOME, EXPENSES AND EARNINGS*

Net sales

Net sales for the quarter totalled TSEK -1,706 (1,527). In Q1, SaltX terminated a license and cooperation agreement with Stjernberg Automation AB. SaltX repaid SEK 3.2 million in previously paid license fees, which were partly recognized as revenue. This is the reason for the negative net sales in the period. The underlying reason is that the collaboration had not provided the intended results.

Other income

Other revenues in the quarter amounted to TSEK 1,756 (45) and consist of public funding from the European Union's Horizon 2020 project for the development of the HeatBoost project and from the Swedish Energy Agency for the pilot plant in Berlin.

Expenses

Expenses during the quarter totalled TSEK -20,193 (-20,300) broken down as other external expenses TSEK -9,840 (-11,008), personnel costs TSEK -10,137 (-8,305) and depreciation and impairment of fixed assets of TSEK -648 (-987). The costs have been recognized under remuneration to personnel under termination and severance pay to the previous CEO totalling SEK 2.1 million. As a consequence of IFRS 16, costs for renting and leasing are now reported as a depreciation and an interest expense instead of as other external costs, see Note 5.

Operating profit/loss (EBIT)

Earnings before tax amounted to TSEK -20,143 (-13,797).

Financial items

Profit/loss from financial items amounted to TSEK -650 (-324) and consists of interest on liabilities to the Swedish Energy

Agency and Almi and on leasing agreements.

Earnings

Earnings before tax amounted to TSEK -20,793 (-14,121). Earnings per share before and after dilution were SEK -0.30 (-0.25).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow and liquidity

Cash flow from operating activities in the quarter was TSEK -25,242 (-12,232). The transition to IFRS 16 has had an effect on cash flow for the first quarter of 2019 as the amortization of the leasing liability is recognized as part of financing activities instead of being included in operating activities in the form of a rental/leasing cost.

Long-term liabilities

Long-term liabilities totalled TSEK 34,674 (31,110) and consisted of loans from the

DEVELOPMENT PER QUARTER

TSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Net sales	1,527	1,794	1,472	1,671	-1,706
Operating profit/loss (EBIT)	-13,797	-15,863	-11,610	-79,792	-20,143
Cash flow from operating activities	-12,232	-16,911	-6,412	-15,001	-25,242
Basic earnings per share, SEK	-0.25	-0.25	-0.23	-1.38	-0.30

* All financial data for 2019 have been affected by the implementation of IFRS 16. Comparative figures are not recalculated.

CHANGE IN SHARE CAPITAL IN 2019

Opening balance 2019
Capital issue, part of
Directed placement, guarantee payment

	Change in share capital	Accumulated share capital	Change no. of shares	Accumulated no. of shares
	887,764.96	4,911,143.20	11,097,062	61,389,290
	8,727.28	5,798,908.16	109,091	72,486,352
		5,807,635.44		72,595,443

Swedish Energy Agency for TSEK 24,488, less short-term elements, and from Almi Företagspartner for TSEK 6,000. Repayment of the loan from the Swedish Energy Authority has commenced in 2018 based on the criteria for commercialisation being fulfilled through revenues in 2017 and will continue based on revenue per year. The loan from Almi has a credit period of 8 years with a three-year amortisation-free period and will begin to be amortized in July 2019 on a monthly basis over 5 years.

Investments

Investments made that affected cash flow during the quarter amounted to TSEK -421 (-6,737). These consisted of investments in patents.

Equity

Equity at the end of the period totalled TSEK 122,562 or SEK 1.70 (2.94) per share and has increased as a result of the aforementioned capital issue, however this has since fallen with the negative earnings primarily as a result of impairment losses. The equity ratio on the same date was 69 percent.

PARENT COMPANY

The operations of the parent company, SaltX Technology Holding AB (publ), consist of company-wide services and

management of its SaltX Technology AB subsidiary and in maintaining the Company's listing on Nasdaq First North Premier.

Earnings before tax for the quarter amounted to TSEK -4,195 (-2,383). The parent company's available liquid funds at year-end totalled TSEK 38,353 (64,581).

SHARE CAPITAL

Parent company

SaltX Technology Holding
Share capital at the end of the period totalled SEK 5,807,635.44 consisting of 72,595,443 shares at a nominal value of SEK 0.08. New capital issues were carried out at year-end and registered in January 2019.

SHARES

Shares in SaltX are listed on Nasdaq First North Premier.

Capital issues

A capital issue was carried out at the end of 2018 that was registered partly in December 2018 and partly in January 2019.

Share warrants

The 2018 issue was carried out in the form of units consisting of one share and one share warrant. 14.8 million share warrants were issued. Two

share warrants are required to subscribe for one share for the exercise price of SEK 13 during the period January 1, 2020 to October 31, 2021. With full subscription of these warrants, the number of shares will increase by 7.4 million, corresponding to a 9 per cent dilution, and the company will receive MSEK 96.

Incentive programs

The Annual General Meeting in April 2017 decided to authorise the Board to issue 750,000 warrants to be offered to management and other staff, primarily new employees, in the Group. This program was launched in September 2017. One option equates to one (1.009) share, the subscription period is in June 2020, and the strike price will be set on the day of issue as 150 percent of the current share price, which was SEK 48.36 (after a minor adjustment for the capital issue in 2018). Employees have acquired 725,000 options, of which the company repurchased 250,000 options, all at market value, leaving a net figure of 475,000 outstanding options. With full exercise of the warrants, the Company would receive MSEK 23.0. These shares correspond to a potential dilution of 0.7 per cent.

The AGM in April 2016 decided to issue 1,500,000

share warrants to be offered to senior management and all employees in the Group, partly to replace existing programs. In May 2017, and in December 2018, a preemptive rights issue was carried out which affected the terms of the share warrants. One warrant equates to 1.07 shares, the subscription period is in June 2019, and the strike price is SEK 4.68 per share. Employees have acquired 483,000 warrants, at market value. With full exercise of the warrants, the Company will receive MSEK 2.4. These shares correspond to a potential dilution of 0.7 per cent.

Earnings per share

Earnings per share for the quarter were SEK -0.30 (-0.25) based on an average figure of 70,417,259 (55,597,575) shares. When calculating the number of shares after full dilution, the additional outstanding shares from warrant programs issued have been taken into account, although this has not had any effect because the result is negative.

As of March 31, 2019, 81 shares, representing less than 0.01 of total shares, had not been subscribed for from the merger between the Company and SaltX Technology.

Significant risks and uncertainties

All business activity and share ownership is associated with risk. Risks that are managed well can entail opportunities and value creation, while the opposite can lead to damage and losses. The risks can be divided into market-related,

operations-related and financial risks. See also the Company's annual report on the website.

Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, RFR 1 Supplementary accounting regulations for groups, and the Swedish Annual Accounts Act. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The parent company financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The application of RFR 2 means that the parent company in the interim report for the legal entity as far as possible applies all of the IFRS and statements adopted by the EU within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and with consideration to the inter-relation between accounting and taxation. The interim report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act.

Accounting policies applied correspond with those described in the SaltX Group's annual report for 2018, except that the Group applies IFRS 16 Leases as of January 1, 2019. The implementation of the standard has some effect on the financial reports. For information on the effects of transition

to IFRS 16, see Note 5. Accounting policies according to IFRS 16 are detailed below.

The parent company, SaltX Technology Holding AB, has chosen not to apply IFRS 16 Leases, but the items stated in RFR 2 (IFRS 16 Leases, pp. 2 - 12) have been applied instead as of January 1, 2019.

ACCOUNTING POLICY APPLIED FOR LEASES AS OF JANUARY 1, 2019

The Group's leasing agreements consist primarily of a lease for the office and leasing agreements for a small number of company vehicles. The leasing agreements are signed for fixed terms, which for the office premises is seven years and for vehicles in general three years but opportunities for extension may exist, as described below. The terms are negotiated separately for each agreement and contain customary contract terms.

Leasing agreements are reported as rights of use and a corresponding liability is reported on the date the leased asset is available for use by the Group. Each lease payment is allocated between amortization of the liability and the financial expense. The financial expense is allocated over the term of the lease so that each reporting period is charged with an amount equal to a fixed interest rate on the liability recognised for each period. The right of use is written off on a straight-line basis over the shorter of the asset's useful life or the term of the lease.

Assets and liabilities arising

from leasing agreements are initially recognized at present value. Since this is the first report in accordance with IFRS 16, all rights of use have been valued at the value of the lease liability.

The assets with rights of use are valued at cost and include the following:

- ◆ the initial value of the lease liability,
- ◆ payments made at or before the time when the leased asset is made available to the lessee.

The lease liabilities include the present value of the following lease payments:

- ◆ fixed payments
- ◆ variable leasing payments based on an index

The lease payments are discounted at the marginal loan rate.

Leases of minor value are expensed on a straight-line basis in the income statement.

Options to extend and terminate contracts

Options to extend or terminate contracts are included in the asset and liability when it is reasonably certain that they will be utilized. The terms are used to maximize the flexibility of managing the contracts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE RESULT – SUMMARY

TSEK	Q 1 2019	Q 1 2018	FY 2018
Net sales	-1,706	1,527	6,464
Work performed by the Company for its own use and capitalized	-	4,931	14,672
Other operating income	1,756	45	4,024
TOTAL	50	6,503	25,160
Cost of products sold	-	-	-2,070
Other external costs	-9,840	-11,008	-42,709
Personnel costs	-10,137	-8,305	-34,063
Depreciation and impairment of fixed assets	-648	-987	-67,380
TOTAL OPERATING COSTS	-20,193	-20,300	-146,222
OPERATING PROFIT/LOSS	-20,143	-13,797	-121,062
Financial income	-	-166	-877
Financial expenses	-650	-158	-347
FINANCIAL ITEMS - NET	-650	-324	-1 224
PROFIT/LOSS BEFORE INCOME TAX	-20,793	-14,121	-122,286
Income tax expense	-	-17	2,163
PROFIT/LOSS FOR THE PERIOD	-20,793	-14,138	-120,123
Earnings per share calculated on earnings attributable to parent company shareholders, SEK			
Basic earnings per share	-0.30	-0.25	-2.14
Earnings per share after dilution	-0.30	-0.25	-2.14

There are no items in the Group that are reported in other comprehensive income, which is why total comprehensive income corresponds to net profit. Net profit and total comprehensive income are attributable in their entirety to parent company shareholders.

CONSOLIDATED BALANCE SHEET – SUMMARY

TSEK	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
ASSETS			
Fixed assets			
Intangible assets			
Capitalized expenditure on development workn	107,366	95,830	107,366
IPR SunCool	-	43,337	-
Patents and trademarks	2,898	2,396	2,633
	110,264	141,563	109,999
Tangible assets			
Equipment, tools, and installations	1,909	2,106	2,020
Access rights	6,594	-	-
	8,503	2,106	2,020
Financial fixed assets			
Shares	7,800	7,511	7,800
Other long-term receivables	-	1,000	-
	7,800	8,511	7,800
Total fixed assets	126,567	152,180	119,819
Omsättningstillgångar			
Inventory	-	178	-
Advance payments to suppliers	-	185	204
Accounts receivable	918	2,663	2,633
Other current assets	3,645	12,685	8,666
Prepaid expenses and accrued income	2,126	4,798	2,350
Cash and cash equivalents	45,433	52,893	71,672
Total current assets	52,122	73,402	85,525
TOTAL ASSETS	178,689	225,582	205,344
EQUITY AND LIABILITIES			
Equity			
Share capital	5,808	4,458	4,911
Rights issue, to be registered	-	-	888
Other contributed capital	590,989	509,545	591,241
Accumulated profit or loss including profit/loss for the year	-474,235	-347,457	-453,442
Total equity	122,610	166,546	143,598
Long-term liabilities			
Other liabilities	29,758	31,000	29,758
Deferred tax liability	-	110	-
Leasing liabilities	4,916	-	-
Total long-term liabilities	34,674	31,110	29,758
Current liabilities			
Liabilities to minority	-	29	-
Accounts payable	3,113	3,012	12,949
Current tax liability	-	2,070	-
Leasing liabilities	1,726	-	-
Other liabilities	1,375	11,504	1,443
Accrued expensed and deferred income	15,239	11,311	17,596
Total current liabilities	21,453	27,926	31,988
TOTAL EQUITY AND LIABILITIES	178,689	225,582	205,344

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TSEK	Attributable to Parent Company shareholders				Total equity
	Share capital	Rights issues under registration	Other contributed capital	Accumulated profit/loss incl. profit/loss for the year	
Opening balance Jan 1, 2018	4,397	-	490,294	-333,319	161,372
Period Jan – Mar 2018					
Net income/loss for Jan – Mar 2018 equal to total comprehensive income	-	-	-	-14,138	-14,138
Total comprehensive result	-	-	-	-14,138	-14,138
Transactions with shareholders in their capacity as shareholders:					
Rights issues	61	-	19,411	-	19,472
Issue expenses	-	-	-748	-	-748
Warrants sold	-	-	588	-	588
Closing balance, Mar 31, 2018	4,458	-	509,545	-347,457	166,546
Period Apr – Dec 2018					
Net income/loss for Apr – Dec 2018 equal to total comprehensive income	-	-	-	-105,985	-105,985
Total comprehensive result	-	-	-	-105,985	-105,985
Transactions with shareholders in their capacity as shareholders:					
Rights issues	453	-	29,041	-	29,494
Rights issues, under registration	-	888	60,146	-	61,034
Issue expenses	-	-	-7,490	-	-7,490
Warrants sold and repurchased	-	-	-1	-	-1
Closing balance, Dec 31, 2018	4,911	888	591,241	-453,442	143,598
Opening balance, Jan 1, 2019	4,911	888	591,241	-453,442	143,598
Net income/loss for Jan – Mar 2019 equal to total comprehensive income	-	-	-	-20,793	-20,793
Total comprehensive result	-	-	-	-20,793	-20,793
Transactions with shareholders in their capacity as shareholders:					
Rights issues	9	-	-	-	9
Rights issues, under registration	888	-888	-	-	-
Issue expenses	-	-	-250	-	-250
Warrantes repurchased	-	-	-2	-	-2
Closing balance, Mar 31, 2019	5,808	-	590,989	-474,235	122,562

CONSOLIDATED CASH FLOW STATEMENT

TSEK	Q 1 2019	Q 1 2018	FY 2018
Cash flow from operating activities			
Profit/loss after financial items	-20,793	-14,121	-122,286
Adjustments for non-cash items etc.	648	1,276	68,380
	-20,145	-12,845	-53,906
Increase/decrease in operating receivables	7,164	-8,649	-1,993
Increase/decrease in operating liabilities	-12,261	9,262	5,343
Cash flow from change of working capital	-5,097	613	3,350
Cash flow from operating activities	-25,242	-12,232	-50,556
Cash flow from investing activities			
Acquisition of intangible assets	-421	-5,072	-39,518
Acquisition of tangible assets	-	-463	-760
Acquisition of financial assets	-	-1,000	-1,000
Merger by SunCool AB	-	803	803
Increase/decrease in long-term receivables	-	-1,005	-1,005
Cash flow from investing activities	-421	-6,737	-41,480
Cash flow from financing activities			
New capital issue	-243	25	83,062
Borrowings	-	-	-512
Change in long term leasing liabilities	-333	-	-
Financing for development from European Union	-	-	9,321
Cash flow from financing activities	-576	25	91,871
Cash flow for the period	-26,239	-18,944	-165
Cash equivalents at beginning of period	71,672	71,837	71,837
Cash equivalents at end of period	45,433	52,893	71,672

NOTES

NOTE 1 SIGNIFICANT ESTIMATES AND JUDGMENTS FOR ACCOUNTING PURPOSES

The estimates and assumptions that entail a significant risk of material adjustments to the carrying amounts of assets and liabilities are:

◆ **Intangible assets:** The largest reported asset in the SaltX balance sheet consists of capitalized expenditure for development work. This is attributable to the base technology but also to the respective application areas. Impairment testing is done on an overall basis, but also per application area. An impairment test of this asset is based on an estimate and assessment of what the Company's technology may lead to

in terms of future income and cash flows. Important factors for calculating these future values are volume growth, profit margin and discount rate. A significant change in important components in the calculation may mean that the balance sheet item needs to be adjusted.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTE 2 REVENUE

The Group has reported the following amounts in the income

statement attributable to revenue (see the table below):

NOTE 3 FINANCIAL INSTRUMENTS

Financial assets assessed at fair value via the income statement.

Listed shares	Mar 31, 2019	Mar 31, 2018
Zhong Fa Zhan Holdings Ltd	7,800	7,800

For the Group's borrowing from Almi Företagspartner, the carrying amount of the loan corresponds to its fair value as the interest rate on this loan is in parity with current market interest rates. Significant differences have been identified in regard to the loan from the Swedish Energy Agency.

REVENUE

	Q1 2019	Q1 2018	Full year 2018
Revenue from agreements with customers	-1,706	1,527	6,464
Other revenue	1,756	45	4,024
Total revenue	50	1,572	10,488

The Group has revenues from customers as specified below:

	Q1 2019	Q1 2018	Full year 2018
Sales of goods	162	-	500
License and royalty income	-2,178	1,149	2,624
Development work	310	430	1,200
Consultancy services (technology)	-	641	2,140
Total customer revenue	-1,706	2,220	6,464

Sales of goods refers to sales of patents and sales of materials.

License revenues relate to terminated license and collaboration agreements and thereby reimbursed license fees which was partly recognized as revenue.

Revenue from development cooperation relates to collaborations within HeatBoost with US partners.

FAIR VALUE

Swedish Energy Agency

Mar 31, 2019		Mar 31, 2018	
Recognised value	Fair value	Recognised value	Fair value
24,358	23,830	25,000	22,973

In regard to the fair value of current financial assets and liabilities, fair value is deemed to correspond to the carrying amount, as the discount effect is not material.

NOTE 4 TRANSACTIONS WITH AFFILIATES

No transactions with related parties took place during Q1 2019.

NOTE 5 EFFECT OF THE INTRODUCTION OF IFRS 16 LEASES

This note explains the effects in the Group's financial report when applying IFRS 16.

LEASES

Koncernen har tillämpat IFRS 16 Leasingavtal från den 1 januari 2019 vilket resulterat i förändrade redovisningsprinciper och justeringar i beloppen som redovisas i den finansiella rapporten. I enlighet med övergångsreglerna i IFRS 16 har koncernen tillämpat den förenklade övergångsmetoden och har därmed inte räknat om jämförelsetalen. Alla nyttjanderätter värderas vid övergången till ett belopp som motsvarar leasing-skulden. Vid övergången har följande lätttnadsregler tillämpats:

- ◆ Right of use assets have been classified according to asset class: office premises and vehicles. The assets are only found in Sweden.
- ◆ The right of use has been established with the help of

subsequent knowledge regarding, for example, extension options and termination clauses.

The weighted average marginal loan rate used on the first day of application (2019-01-01) was 6 percent.

EFFECT IN THE BALANCE SHEET

Right of use assets and leasing liabilities have been included in the balance sheet. These are shown on separate lines in the balance sheet.

EFFECT IN THE INCOME STATEMENT

IFRS 16 has had a negligible impact on operating profit and earnings after financial items.

EFFECT IN THE CASH FLOW STATEMENT

The transition to IFRS 16 has had an effect on cash flow for the first quarter of 2019 as the amortization of the leasing liability is recognized as part of financing activities instead of being included in operating activities. This means that cash flow from operating activities for the first quarter of 2019 is TSEK 332 higher, while cash flow from financing activities is TSEK 332 lower compared with if previous accounting principles were applied.

PARENT COMPANY INCOME STATEMENT

TSEK	Q 1 2019	Q 1 2018	FY 2018
NET SALES	600	870	3,528
Cost of goods sold	-	-	-162
Other external costs	-1,881	-2,130	-7,307
Personnel costs	-3,431	-1,432	-6,511
TOTAL OPERATING EXPENSES	-5,312	-3,562	-13,980
OPERATING RESULT	-4,712	-2,692	-10,452
Financial income	517	466	5,067
Financial expenses	-	-157	-341
FINANCIAL ITEMS - NET	517	309	4,726
PROFIT BEFORE TAX	-4,195	-2,383	-5,726
Group contribution	-	-	-20,000
Income tax	-	-	2,070
PROFIT/LOSS FOR THE PERIOD	-4,195	-2,383	-23,656

PARENT COMPANY BALANCE SHEET

TSEK	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
ASSETS			
Financial assets			
Participations in subsidiaries	197,270	97,261	197,270
Shares	7,800	7,511	7,800
Total fixed assets	205,070	97,261	205,070
Current assets			
Current receivables			
Other receivables	350	-	4,987
Accounts receivable from Group companies	57,069	98,047	32,552
Prepaid expenses and accrued income	535	372	196
Cash and bank deposits	38,353	49,514	64,581
Total current assets	96,307	148,709	102,316
TOTAL ASSETS	301,377	254,481	307,386
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	5,808	4,458	4,911
Other contributed capital	-	-	888
	5,808	4,458	5,799
Non-restricted equity			
Share premium reserve	372,334	290,907	372,584
Retained earnings	-78,163	-54,507	-54,507
Profit/loss for the year	-4,195	-2,383	-23,656
	289,976	234,017	294,421
Total equity	295,784	238,475	300,220
Current liabilities			
Accounts payable	328	52	3,024
Other liabilities	124	10,826	758
Accrued expenses and deferred income	5,141	3,058	3,384
Total current liabilities	5,593	16,006	7,166
TOTAL EQUITY AND LIABILITIES	301,377	254,481	307,386

STATEMENT BY THE BOARD OF DIRECTORS AND THE CEO

The Board and CEO confirm that this interim report provides a true and fair overview of the parent company and the Group's operations, position and earnings for the period in question.

Stockholm, May 3, 2019
Board of Directors

Åke Sund
Chair

Staffan Andersson
board member

Tony Grimaldi
board member

Elin Lydahl
board member

Tommy Nilsson
board member

Indra Åsander
board member

Harald Bauer
CEO

The report has not been reviewed by the Company's auditor.

OTHER INFORMATION

CALENDAR

Interim Report Q2 2019
Interim Report Q3 2019
Year-end report 2019

August 23, 2019
November 5, 2019
February 21, 2020

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