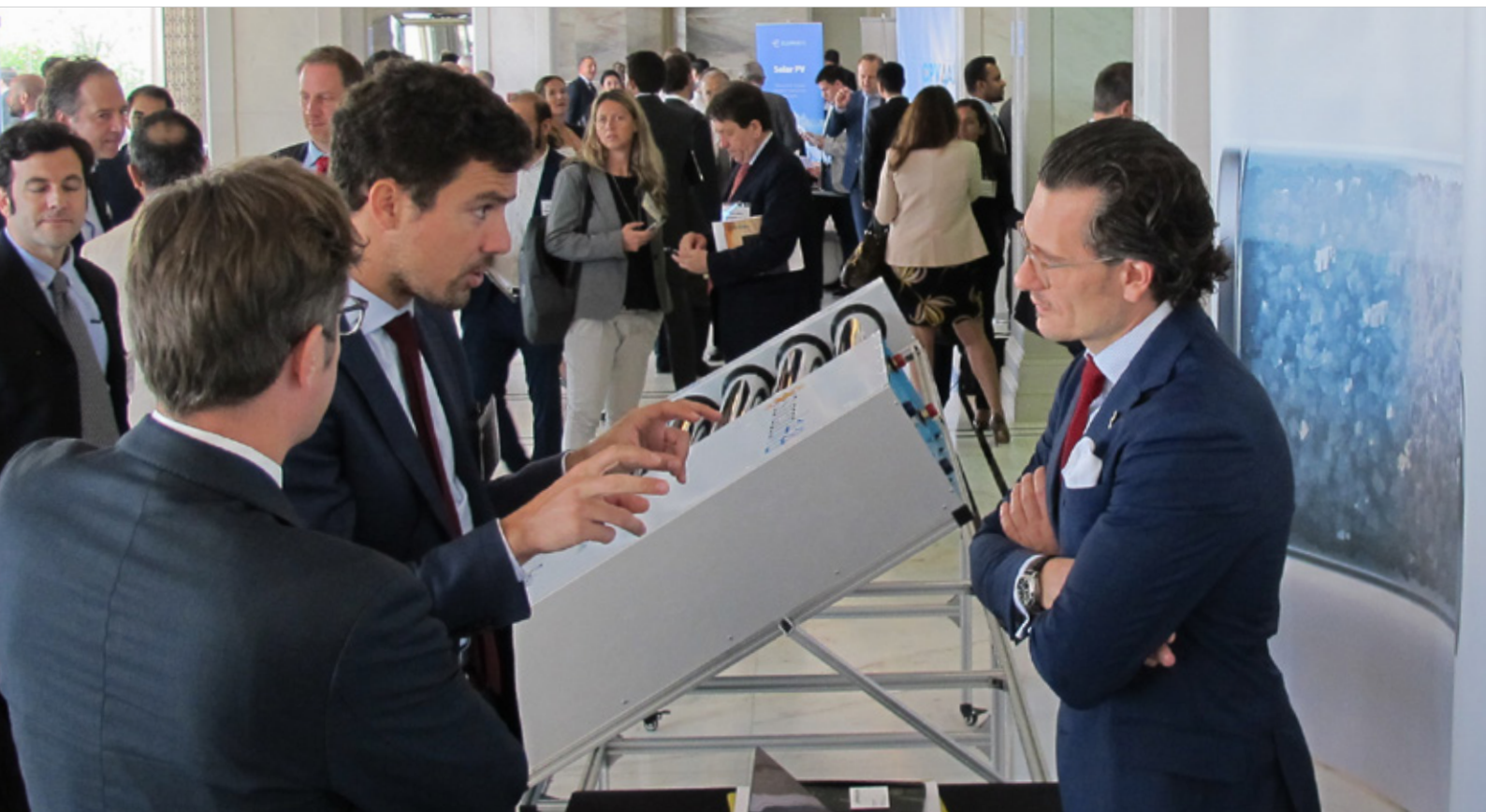


SaltX Technology Holding AB (publ)

# Interim Report Q1 2018

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 CET on May 3.



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Front page: SaltX exhibits at Mena New Energy update in Dubai. With over 450 people within the Solar and Energy Storage sector – Marcus Schrauf and Simon Ahlin had a great opportunity to present SunCool and EnerStore.

# Interim Report

## Q1 2018

### FINANCIAL EVENTS

Fourth quarter

- ◆ Net sales increased to MSEK 1.5 (0.6)
- ◆ Operating profit/loss (EBIT) amounted to MSEK -13.8 (-6.0)
- ◆ Cash flow from operating activities amounted to MSEK -11.1 (-5.9)
- ◆ Earnings per share before and after dilution were SEK -0.25 (-0.12)

"THE TIMING FOR  
A TECHNOLOGY  
LIKE SALT  
THEREFORE  
COULD NOT BE  
BETTER!"

READ MORE ON PAGE 4

### SIGNIFICANT EVENTS

Fourth quarter

- ◆ Production has started and the SunCool factory in China was opened in January
- ◆ The merger of SunCool AB and SaltX was completed in January
- ◆ SaltX and paper manufacturer Ahlstrom-Munksjö signed development and licensing agreements to jointly develop a manufacturing method for SaltX material on graphene paper

After the end of the period

- ◆ SaltX winner of Bloomberg's New Energy Pioneer Award

### KEY FIGURES

#### Key figures, Group, TSEK

	Q1 2018	Q1 2017	Full year 2017
Net sales	1,527		5,300
Operating profit/loss (EBIT)	-13,797	-5,952	-28,515
Earnings per share before and after dilution	-0.25	-0.12	-0.53
Equity	166,546	82,813	161,372
Cash flow from operating activities	-12,232	-5,853	-28,490
Equity/debt ratio (equity/balance sheet total)	74%	66%	78%

# The CEO's address

The first quarter has continued at a high pace in regard to the commercialization of our patented nano-coated salt. We are continuing to spread the word of our technology and are gaining attention around the world. In this respect, I would like to highlight the "New Energy Pioneer" award from Bloomberg. Being chosen by the industry's leading experts and business leaders is a clear mark of quality for us and "puts SaltX on the world map". It was very inspiring to hear and discuss with leading actors in renewable energy at the Bloomberg Global Energy Summit in New York. Almost everyone was talking about energy storage and how important it is. The timing for a technology like SaltX therefore could not be better!

Although it is great to gain the external world's attention, my focus and that of other employees is on delivering commercial results. Therefore, it is encouraging that developments in the first quarter have been in the right direction for all business areas:

◆ **SunCool:** Manufacturing with our license partner in China is in operation and work on commercialization is continuing. Sales and delivery of solar collectors, and thus revenues, began in April, shortly after the end of the reporting period. Installation and further sales are ongoing. It

is positive to see the increasing interest.

- ◆ **HeatBoost:** In parallel with the preparation of field trials in the US and Europe, technology transfer to TUS Stjernberg is in progress in order to start production during the second quarter of this year.
- ◆ **VerdAcc:** It is gratifying that the marine project with Alfa Laval, funded by the Swedish Energy Agency, has been completed and obtained positive results that met the goals. As far as Mobile Climate Control is concerned, commercial verification is still ongoing.
- ◆ **EnerStore:** The pilot plant for Vattenfall is now being constructed and is expected to be ready after the summer. Installation and commissioning will then take place in Berlin during the second half of 2018. We are waiting with expectation for the first results.

Our strategically important project with Ahlström-Munksjö, announced in March, has started well and initial tests have been carried out. SaltX's partner for the production of the graphene is also actively participating and playing a key role in the project, which has a great potential to significantly lower production costs.

It bodes well to see the progress the winning team from the SaltX Hackathon is making. SaltX

"TODAY, MOST PEOPLE KNOW ABOUT ELECTRICAL ENERGY STORAGE IN THE FORM OF BATTERIES. OUR TASK NOW IS TO SHOW HOW THERMAL ENERGY STORAGE COMPLEMENTS BATTERIES IN A COMPETITIVE WAY."

# The CEO's address

## (Cont.)

LABS is developing well and the number of members is growing all the time, creating a good foundation for future applications of our technology and new commercial products.

As I mentioned earlier, and which was confirmed very clearly at the Bloomberg Conference, there will be a need for a number of different forms of energy stor-

age - both electrical and thermal. Today, most people know about electrical energy storage in the form of batteries. Our task now is to show how thermal energy storage complements batteries in a competitive way.

Stockholm, May 2018  
Karl Bohman



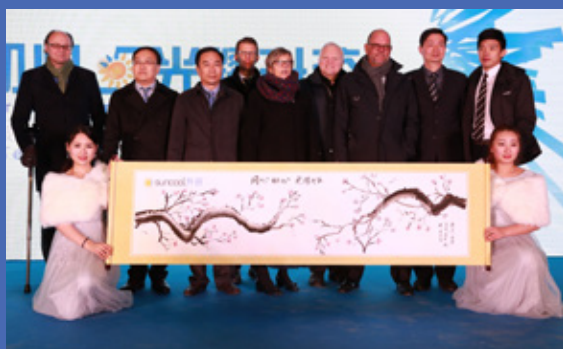
SaltX is one of the 2018 New Energy Pioneers awarded by Bloomberg New Energy Finance (BNEF). SaltX CEO Karl Bohman, attended the Bloomberg's Future Energy Summit and gave a speech and received the award in New York City.

# Significant events

## ... DURING Q1

### Production has started and the SunCool factory in China was opened in January

On January 24, 2018, SaltX's Chinese partner, NSECT, opened its factory for the production of SunCool solar collectors based on SaltX technology. Customers, investors, partners and government officials from China and Sweden were present at the inauguration of the new factory in Yuyao, south of Shanghai.



### Merger of SunCool AB

The merger of SunCool was completed in January 2018 and SunCool's operations are part of SaltX from that date from that date. IP rights and the license agreement with NSECT have been transferred to the subsidiary SaltX Technology AB (formerly ClimateWell) at market value. SaltX issued 733 193 shares as the merger payment, representing a 1.3 percent dilution, to the former shareholders of SunCool in compensation for the company's net assets (see Note 5 Events after the balance sheet date).

### SaltX and the paper manufacturer Ahlstrom-Munksjö have signed development and licensing agreements to jointly develop the manufacturing method for SaltX material on graphene paper

A strategic collaboration with the paper manufacturer Ahlstrom-Munksjö has begun. The companies will jointly develop a large-scale manufacturing method for paper coated with the super-material graphene. The graphene paper will act as a carrier of SaltX patented nano-treated salt, while significantly increasing the thermal conductivity of the material. The method of manufacturing SaltX energy storage material on paper reduces manufacturing costs significantly compared to existing technology, enabling industrial and scalable manufacturing of SaltX materials.

## ... AFTER THE END OF THE PERIOD

### SaltX winner of Bloomberg's New Energy Pioneer Award.

SaltX was awarded as one of the 2018 New Energy Pioneers by Bloomberg New Energy Finance (BNEF). Innovative companies from around the world are recognized for their leadership in clean energy technologies and business transformation. BNEF has carefully selected, and awarded, the best innovators that are revolutionizing the energy, transport and technology sectors. The 2018 New Energy Pioneers were announced at the Bloomberg Future of Energy Summit in New.

# Our Business

SaltX Technology is a Swedish innovation company that develops and sells a patented energy storage technology, which is marketed under the SaltX™ brand name. Customers are primarily major global OEM companies such as Alfa Laval, Mobile Climate Control and Rheem, and energy companies such as Vattenfall, Öresundskraft and Goldwind.

The technology makes it possible to store energy in salt in order subsequently to recover it in the form of heat and/or cold. The technology thereby enables a more efficient use of energy and considerable energy savings, with lower costs and reduced emissions as a result. The technology also allows a more flexible use of energy from renewable sources where the challenge previously has been precisely in the possibility of storage. As the use of renewable energy sources increases, it becomes increasingly important to be able to store the energy in a cost-effective way and then be able to use it.

## BUSINESS MODEL

SaltX's business model consists of sales in three parts: SaltX material, licenses and support. The biggest future source of revenue is the patented SaltX material, and the license to use this.

## MAJOR SAVINGS

Customers are primarily major global OEM companies, component manufacturers and energy companies. Major en-

ergy and cost savings are made possible by integrating SaltX technology in their respective heating and cooling products (heat pumps, thermal solar collectors and air conditioning systems).

## FOCUS ON FOUR AREAS

SaltX Technology's technology can be applied in a wide range of application areas. Focus is currently on four areas of application:

- ◆ Thermal solar collectors with integral heating and cooling for buildings (**SunCool**),
- ◆ Gas-driven pumps for hot water and domestic heating (**HeatBoost**),
- ◆ Heat-driven cooling in trucks and heavy vehicles (**VerdAcc**) and;
- ◆ Storage of renewable energy (**EnerStore**).

In regard to thermal solar collectors, SunCool, production started. Commercial launch in China and the rest of the world.

Heat Boost, commercial verification completed. Field trials in the US and Europe will start in the first and second half of 2018 respectively.

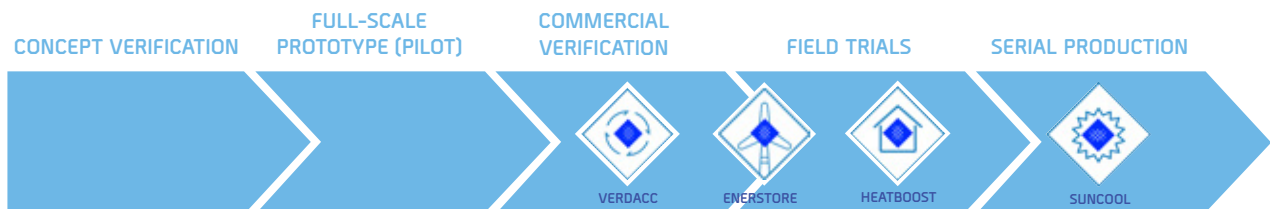
The VerdAcc application, commercial verification is ongoing. Field trials in the USA will start at the end of 2018.





For the EnerStore application area, commercial verification completed. Construction of pilot plant completed. Field trials will start in the second half of 2018. For the EnerStore application area, commercial verification is in progress and the first large-scale pilot plant is being implemented.

# Our Business

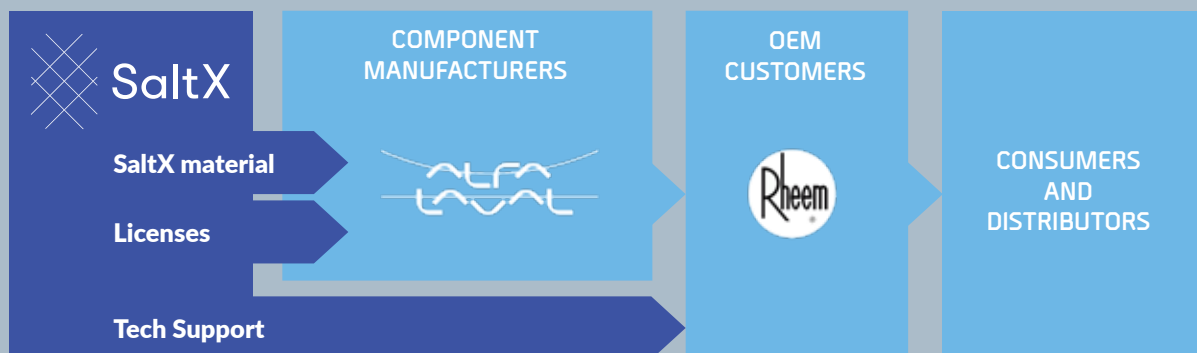
## (Cont.)

### DEVELOPMENT STEPS



AREA OF APPLICATION	IMPLEMENTATION	STATUS
 SunCool	Thermal solar collectors with integral heating and cooling for buildings.	Production started. Commercial launch in China and the rest of the world.
 HeatBoost	Gas-driven pumps for hot water and domestic heating.	Commercial verification completed. Field trials in the US and Europe will start in the first and second half of 2018 respectively.
 VerdAcc	Heat-driven cooling in trucks and heavy vehicles.	Commercial verification is ongoing. Field trials in the USA will start at the end of 2018.
 EnerStore	Storage of renewable energy.	Commercial verification completed. Construction of pilot plant completed. Field trials will start in the second half of 2018

### BUSINESS MODEL



SaltX's Business Model consists of sales in three parts; SaltX material, licenses and tech support. The biggest future source of revenue is the patented material SaltX, and the license to use this.



# Financial overview

## JANUARY-MARCH – Q 1

### REVENUE, EXPENSES AND EARNINGS

#### *Operating income*

Net sales for the quarter totaled TSEK 1,527 (577). The increase is due to license revenues from Ahlstrom-Munksjö.

#### *Expenses*

Expenses during the quarter totaled TSEK -20,156 (-11,004) broken down as other external expenses TSEK -10,864 (-5,451), personnel costs TSEK -8,305 (-5,285) and depreciation and impairment of fixed assets of TSEK -987 (-268). Depreciation has increased with the impairment of the assets acquired through the merger from SunCool AB. The increase in costs reflects the expansion in organization that is in progress in order to meet the increased interest that SaltX solution is receiving from partners and potential customers.

#### *Operating profit/loss (EBIT)*

The operating profit/loss was TSEK -13,653 (-5,952).

#### *Financial items*

Profit from financial items amounted to TSEK -324 (422) and consists primarily of the impairment loss in regard to shares in Zhong Fa Zhan at updated market value. The outstanding balance with SunCool AB has been eliminated with the merger of SunCool.

#### *Profit/loss*

Profit/loss before tax amounted to TSEK -13,957 (-5,530). Earnings per share before and after dilution were SEK -0.25 (-0.12).

### CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

#### *Cash flow and liquidity*

Cash flow from operating activities in the quarter was TSEK -11,146 (-5,853). Group cash and cash equivalents at the end of the quarter totaled TSEK 52,895.

#### *Long-term liabilities*

Long-term liabilities totaled TSEK 31,046 and consisted of loans from the Swedish Energy Agency of TSEK 25,000 and Almi Företagspartner of TSEK 6,000, and deferred tax liabilities.

## DEVELOPMENT PER QUARTER

### Key figures, Group, Quarter

TSEK	Q 1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Net sales	577	1,416	1,087	2,220	1,527
Operating profit/loss (EBIT)	-5,952	-5,951	-7,955	-8,657	-13,797
Cash flow from operating activities	-5,853	-3,317	-9,060	-10,260	-12,232
Earnings per share, SEK	-0.12	-0.12	-0.15	-0.14	-0.25

### **Investments**

Investments made that affected cash flow during the quarter amounted to TSEK -6,737 (-4,964), which was mainly capitalized development.

### **Equity**

Equity at the end of the quarter totaled TSEK 166,754, or SEK 2.99 per share. The equity ratio on the same date was 79 percent.

### **PARENT COMPANY**

The operations of the parent company, SaltX Technology Holding AB, consist of company-wide services and management of its SaltX Technology AB subsidiary and in maintaining the Company's listing on Nasdaq First North.

Profit/loss before tax amounted to TSEK -2,383 (-1,200). The parent company's available liquid funds at the end of the quarter totaled TSEK 49,514.

### **SHARE CAPITAL**

#### **Parent company**

#### **SaltX Technology Holding**

Share capital at the end of the quarter totaled SEK 4,457,802.24 consisting of 55,722,528 shares at a nominal value of SEK 0.08.

With the merger of SunCool AB, 733,193 shares were issued and SaltX obtained net assets of nearly SEK 20 million, mainly consisting

of rights to SunCool technology in China of SEK 43 million and shares in Zhong Fa Zhan valued at SEK 7.5 million reduced by liabilities to SaltX (from the original acquisition of the aforementioned assets).

During the year, conversion of warrants to shares took place, with 20,782 shares being issued giving the Company TSEK 98 in new capital.

### **SHARES**

Shares in SaltX are listed on Nasdaq First North.

#### **Share warrants**

In connection with capital issues in 2016, warrants were also issued where shares and warrants were issued as "units". In total, just over 16 million share warrants have been issued that with full subscription would bring in around MSEK 20 by 31 October 2018 at the latest, through the subscription of 4,297,153 shares where each warrant entitles the holder to 0.2651 shares. The strike price is SEK 4.72 per share after adjustments have been made to the rights issue in May 2017.

As at 31 March, holders of warrants corresponding to 1,287,586 shares in total had requested the conversion of warrants to shares, and these shares have been issued. SaltX has been provided

## **CHANGE IN SHARE CAPITAL IN 2018**

	<b>Change in share capital</b>	<b>Accumulated share capital</b>	<b>Change in no. of shares</b>	<b>Accumulated no. of shares</b>
Opening balance 2018		4,397,484.24		54,968,553
Non-cash issue for merger 2018	58,655.44	4,456,139.68	733,193	55,701,746
Capital issue through warrants TO2 2017	1,662.56	4,457,802.24	20,782	55,722,528

with MSEK 6.1 (net after deduction of transaction costs). The remaining warrants constitute a 5.2 percent dilution.

Share warrants TO2	Number warrants	Number shares
Number issued	16,210,500	4,297,404
Total exercised	-4,856,696	-1,287,586
Rest	11,353,804	3,009,818

### ***Incentive programs***

The Annual General Meeting in April 2018 decided to authorize the Board to issue 1,500,000 warrants to be offered to management, other staff and other key persons in the Group. One option equates to one (1) share, the subscription period is in June 2021, and the strike price is set on the day of issue as 150 per cent of the current share price.

The Annual General Meeting in April 2017 decided to authorize 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) share, the subscription period is in June 2020, and the strike price will be set on the day of issue as 150 per cent of the current share price, which was SEK 48.8. As at 31 March 625,000 warrants had been acquired at market price by employees. With full exercise of the warrants, the Company will receive MSEK 30.5. These shares correspond to a potential dilution of 1.1 per cent.

The AGM in April 2016 decided to issue 1.5 million warrants to be offered to senior management and all employees in the Group, partly to replace existing programs.

In May 2017, a rights issue was implemented which affected the terms of the share warrants. One warrant equates to 1.06 shares, the subscription period is in June 2019, and the strike price is SEK 4.72 per share. Employees have acquired 483,000 of these warrants at market value. With full exercise of the warrants, the Company will receive MSEK 2.3. These shares correspond to a potential dilution of 0.9 per cent.

### ***Earnings per share***

Earnings per share for the quarter were SEK -0.25 (-0.12) based on an average figure of 55,597,575 (44,752,167) shares. The number of shares has been based on the number of shares from the acquisition of SaltX Technology (formerly ClimateWell), the additional shares that existed in SaltX on the date of acquisition, and additional shares that have been added through cash issues. 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 31 March 2018, 720 shares from the merger between the Company and SaltX Technology (formerly ClimateWell) had not yet been subscribed for, which is why a liability amounting to TSEK29 is recognized in relation to the ongoing redemption process.

### ***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 for the SaltX Technology Holding AB Group 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 same accounting and valuation policies have been applied as in the most recent annual report, with the exception of the introduction of IFRS 9 and IFRS 15. However, the transition to IFRS 9 and IFRS 15 has not had any effect on the Group's earnings and financial position.

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. From January 1, 2018, the parent company also applies IFRS 9 and IFRS 15 as specified in RFR 2. The transition has not entailed any effect on the parent company's earnings and financial position.

### **AS OF JANUARY 1, 2018, THE GROUP APPLIES THE FOLLOWING STANDARDS:**

#### **IFRS 9**

IFRS 9 Financial Instruments concerns the classification, valuation and reporting of financial assets and liabilities and introduces new rules for hedge accounting. It replaces the parts of IAS 39 that deal with the classification and valuation of financial instruments and introduces a new impairment model. In accordance with the transitional rules of the standard, the comparative figures for 2017 are not recalculated.

SaltX does not apply hedge accounting at present and thus the new rules for hedge accounting have not had any effect on the Group's financial position.

Furthermore, it has been found that the new impairment model based on expected loan losses instead of credit losses has no significant impact on the Group's loan losses, as the loan losses, based on remaining maturity, are very low in SaltX. The introduction of IFRS 9 thus has had no impact on the Group's earnings and financial position.

## **IFRS 15**

IFRS 15 Revenue from contracts with customers regulates how revenue shall be recognized. IFRS 15 supersedes IAS 18 Revenue and IAS 11 Construction Contracts and the associated SIC and IFRIC. The principles on which IFRS 15 is based shall give users of financial statements more usable information about the company's revenues. The expanded disclosure requirements mean that information must be provided about the type of revenue, the date of settlement, uncertainties related to revenue recognition and cash flow attributable to the company's customer contracts. According to IFRS 15, a revenue shall be recognized when the customer obtains control over the sold goods or services and has the opportunity to use and receive the benefits of the product or service.

The final assessment after carrying out the evaluation and analysis of the Group's contracts with customers is that IFRS 15 will not have any material impact on the Group's earnings and financial position.

## **SUPPLEMENTARY ACCOUNTING POLICIES**

### ***Licensing***

The Group licenses IP rights (technology, manufacturing and exclusive licenses) for parts of the SaltX technology to enable the manufacture of components and materials that the Group then purchases from the licensee. In addition to the license, the amount payable includes, to varying extents, consulting services, technology transfer and know-how linked

to the SaltX technology. The amount payable by the customer for the license (the transaction price) is usually broken down into a part paid at the conclusion of the agreement and the remaining parts of the transaction price depend on future events such as achieving a target or ordering a certain quantity of goods from the licensee. These future payments that are dependent on future events are treated in the income statement as variable and are only expensed when SaltX considers that it is highly probable that the payments will be received and the performances for receiving the benefits will be made.

The Group assesses whether the license is distinct from the consultancy services to be performed and thus constitutes a separate performance commitment in the contract. The license is deemed to be a separate performance commitment in circumstances where the license can be used without additional consulting services from SaltX. If the license is regarded as distinct, this means that the agreement contains two commitments: the license and the consulting services. These are then reported separately.

The transaction price is allocated to the license and the consulting services, respectively, at an amount that reflects the amount payable that the Group expects to be entitled to in exchange for the transfer of the license and the consultancy services respectively to the customer. The transaction price allocated to a commitment is recognized as income either at a particular time or over time.

Licenses identified as separate performance commitments are categorized as either right of access or right of use. A right of access license means the right to access SaltX IP rights in their existing state during the license period, i.e. the IP right is unchanged and SaltX carries on activities that significantly affect the value of the intangible asset to which the customer is entitled. A right of use license means the right to use SaltX IP rights in their current state at the time the license is granted. Right to access licenses are recognized over time, i.e. over the time the customer is entitled to use the license, while the right to use licenses are recognized at a given time, i.e. at the time when the customer gains control of the license. Control of an asset is the ability to control the use of, and obtain virtually all remaining benefits from, the asset. Control includes the ability to prevent other companies from controlling the use of, and obtaining the benefits from, an asset. The benefits of an asset are the potential cash flows that can be obtained, directly or indirectly.

If consultancy services are regarded as a separate distinct commitment, the services are recognized as income over time in accordance with the accounting policies contained in the 2017 Annual Report.

If the license is not distinct from the consultancy services that the customer shall receive, the license and consulting services are combined as one performance commitment. An assessment is made if revenue for the combined

performance commitment is to be recognized at a particular time or over time, depending on when control of both the license and the consulting services is transferred to the customer.

#### ***Sales-based royalties***

Revenue for sales-based royalties agreed in exchange for a license for intellectual property is recognized only when the latter of the following occurs:

- ◆ Subsequent sales are made
- ◆ The performance commitment to which the sales-based royalty has been allocated is met

# Consolidated statement of comprehensive result – summary

<b>TSEK</b>	<b>Q1 2018</b>	<b>Q1 2017</b>	<b>FY 2017</b>
Net sales	1,527	577	5,300
Work performed by the Company for its own use and capitalized	4,931	4,430	17,229
Other operating income	45	45	272
<b>TOTAL</b>	<b>6,503</b>	<b>5,052</b>	<b>22,801</b>
Other external costs	-11,008	-5,451	-25,419
Personnel costs	-8,305	-5,285	-24,995
Depreciation and impairment of fixed assets	-987	-268	-902
<b>TOTAL OPERATING COSTS</b>	<b>-20,300</b>	<b>-11,004</b>	<b>-51,316</b>
<b>OPERATING PROFIT/LOSS</b>	<b>-13,797</b>	<b>-5,952</b>	<b>-28,515</b>
Financial income	-166	429	1,760
Financial expenses	-158	-7	-24
<b>FINANCIAL ITEMS - NET</b>	<b>-324</b>	<b>422</b>	<b>1,736</b>
<b>PROFIT/LOSS BEFORE INCOME TAX</b>	<b>-14,121</b>	<b>-5,530</b>	<b>-26,779</b>
Income tax expense	-17	-13	-64
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-14,138</b>	<b>-5,543</b>	<b>-26,843</b>

## Earnings per share calculated on earnings attributable to parent company shareholders, SEK

Basic earnings per share	-0.25	-0.12	-0.53
Earnings per share after dilution	-0.25	-0.12	-0.53

In the Group there are no items reported in other comprehensive income, so total comprehensive income is consistent with the year's profit. The profit for the year and total comprehensive income are entirely attributable to the parent company's shareholders.

# Consolidated Balance Sheet

## - summary

TSEK	Note	Mar 31, 2018	Dec 31, 2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Capitalized expenditure on development work		95,830	91,300
IPR SunCool	5	43,337	-
Patents and trademarks		2,396	2,038
		<b>141,563</b>	<b>93,338</b>
<b>Tangible assets</b>			
Equipment, tools, and installations		2,106	1,711
		<b>2 106</b>	<b>1,711</b>
<b>Financial fixed assets</b>			
Shares	5	7,511	-
Other long-term receivables	5	1,000	30,210
		<b>8,511</b>	<b>30,210</b>
<b>Total fixed assets</b>		<b>152,180</b>	<b>125,259</b>
<b>Current assets</b>			
Varulager		178	-
Advance payments to suppliers		185	95
Accounts receivable		2,663	4,315
Other current assets		12,685	2,226
Prepaid expenses and accrued income		4,798	4,364
Cash and cash equivalents		52,893	71,837
<b>Total current assets</b>		<b>73,402</b>	<b>82,837</b>
<b>TOTAL ASSETS</b>		<b>225,582</b>	<b>208,096</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		4,458	4,397
Other contributed capital		509,545	490,294
Accumulated profit or loss including profit/loss for the year		-347,457	-333,319
<b>Total equity</b>		<b>166,546</b>	<b>161,372</b>
<b>Long-term liabilities</b>			
Other liabilities		31,000	31,000
Deferred tax liability		110	93
<b>Total long-term liabilities</b>		<b>31,110</b>	<b>31,093</b>
<b>Current liabilities</b>			
Liabilities to minority		29	29
Accounts payable		3,012	4,163
Current tax liability		2,070	-
Other liabilities		11,504	804
Accrued expensed and deferred income		11,311	10,635
<b>Total current liabilities</b>		<b>27,926</b>	<b>15,631</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>225,582</b>	<b>208,096</b>



# Consolidated Statement of Changes in Equity

TSEK	Attributable to Parent Company shareholders			
	Share capital	Other contributed capital	Accumulated profit or loss including profit/loss for the year	Total equity
<b>Closing balance Dec 31, 2016</b>	3,579	391,278	-306,476	88,381
Net income/loss for the year plus total comprehensive income	-	-	-5,543	-5,543
<b>Total comprehensive result</b>	-	-	-5,543	-5,543
<b>Transactions with shareholders in their capacity as owners:</b>				
Issue expenses	-	-25	-	-25
<b>Closing balance Mar 31, 2017</b>	3,579	391,253	-312,019	82,813
<b>The period Apr-Dec, 2017</b>				
Income/loss Apr-Dec, 2017 equal to total comprehensive income	-	-	-21,300	-21,300
<b>Total comprehensive result</b>	-	-	-21,300	-21,300
<b>Transactions with shareholders in their capacity as owners:</b>				
Capital stock issues	818	105,601	-	106,419
Issue expenses	-	-7,669	-	-7,669
Warrants sold	-	1,084	-	1,084
<b>Closing balance Dec 31, 2017</b>	4,397	490,294	-333,319	161,372
Net income/loss for the year equal to total comprehensive income	-	-	-14,138	-14,138
<b>Total comprehensive result</b>	-	-	-14,138	-14,138
<b>Transactions with shareholders in their capacity as owners:</b>				
Capital stock issues	61	19,411	-	19,472
Issue expenses	-	-748	-	-748
Warrants sold	-	588	-	588
<b>Closing balance Mar 31, 2018</b>	4,458	509,545	-347,457	166,546

# Consolidated Cash Flow Statement

TSEK	Q1 2018	Q1 2017	FY 2017
<b>Cash flow from operating activities</b>			
Profit/loss after financial items	-14,121	-5,530	-26,779
Adjustments for non-cash items etc.	1,276	268	902
	<b>-12,845</b>	<b>-5,262</b>	<b>-25,877</b>
Increase/decrease in operating receivables	-8,649	-664	-7,187
Increase/decrease in operating liabilities	9,262	73	4,574
<b>Cash flow from change of working capital</b>	<b>613</b>	<b>-591</b>	<b>-2,613</b>
<b>Cash flow from operating activities</b>	<b>-12,232</b>	<b>-5,853</b>	<b>-28,490</b>
<b>Cash flow from investing activities</b>			
Acquisition of intangible assets	-5,072	-4,323	-17,073
Acquisition of tangible assets	-463	-212	-1,491
Acquisition of financial assets	-1,000	-	-
Merger by SunCool AB	803	-	-
Increase/decrease in long-term receivables	-1,005	-429	-1,755
<b>Cash flow from investing activities</b>	<b>-6,737</b>	<b>-4,964</b>	<b>-20,319</b>
<b>Cash flow from financing activities</b>			
New capital issue	25	-25	99,834
Borrowings	-	2,000	2,000
<b>Cash flow from financing activities</b>	<b>25</b>	<b>1,975</b>	<b>101,834</b>
<b>Cash flow for the period</b>	<b>-18,944</b>	<b>-8,842</b>	<b>53,025</b>
Cash equivalents at beginning of period	71,837	18,812	18,812
Cash equivalents at end of period	52,893	9,970	71,837

# 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 values of assets and liabilities within the next financial year are:

- ◆ **Intangible assets:** The largest reported asset in the SaltX balance sheet consists of capitalized expenditure for development work. 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.
- ◆ **License revenue:** During Q1 2018, revenues were reported amounting to TSEK 1 014 attributable to licensing for IP rights. Part of the license is invoiced in connection with the signing of the agreement while the remaining payments are expected to occur in 2018 and 2019 in connection with the ordering of components. In order for the remaining payments to be received, the Group shall order components from the company that has been granted the license. The Group has made the assessment that the price of the sale of the license is entirely independent of the obligation to order components from the licensee. Furthermore, it is the Group's assessment that it is very likely that components will be ordered from the licensee.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expecta-

tions 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:

	Q1 2018	Q1 2017	Full year 2017
Revenue from agreements with customers	1,527	567	5,300
Other revenue	45	55	272
<b>Total revenue</b>	<b>1,572</b>	<b>622</b>	<b>5,572</b>

The Group has revenues as specified below:

	Q1 2018	Q1 2017	Full year 2017
License revenue	1,014	-	1,149
Development work	-6	481	3,252
Consultancy services (technology)	519	86	899
<b>Total revenue</b>	<b>1,527</b>	<b>-</b>	<b>5,300</b>

Revenue from licensing rights amounting to TSEK 1,014 (-) refers to the first part of the payment from Ahlstrom-Munksjö AB. Revenues from development cooperation amounting to TSEK -6 (-) have been lower in the last quarter but also include elimination of previously recognized accrued income of TSEK -197.

Revenue from sales of consulting and management services amounting to TSEK 519 (1,353) relates to technical support for partners (NSECT and Stjernberg).

### NOTE 3 FINANCIAL INSTRUMENTS

Financial assets measured at fair value through profit or loss

<b>Listed share</b>	<b>March 31, 2018</b>
Zhong Fa Zhan Holdings Ltd	7,511

Assets have been valued at Level 1 in the real value hierarchy.

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, however, in regard to the loan from the Swedish Energy Agency.

<b>Fair value</b>	<b>March 31, 2018</b>	
	<b>Carrying amount</b>	<b>Fair value</b>
Swedish Energy Agency	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

The affiliated relationship with SunCool AB has been terminated by the merger.

During Q1 2018, the following transactions with affiliates have occurred:

Purchase of services from an affiliate (Post Agency Stockholm AB) TSEK 217 (-) in regard to marketing.

### NOTE 5 MERGER OF SUNCOOL AB

The merger of SunCool AB was completed in January 2018. The merger is an acquisition of assets. Net assets of almost MSEK 20

were acquired, consisting of intangible assets, the SunCool rights in China that were sold to SunCool in 2015, which amounted to MSEK 43, shares in Zhong Fa Zhan Holdings Ltd (NSECT's parent company) and a debt to SaltX. SaltX issued 733 193 shares as the merger payment, representing a 1.3 percent dilution, to the former shareholders of SunCool in compensation for the company's net assets. SunCool had a royalty agreement with Chinese NSECT and the merger means that the entire commission accrues to SaltX at the same time as amortization of the rights is borne by SaltX. IP rights and the royalty agreement with NSECT have been transferred to the subsidiary SaltX Technology AB at market value.

# Parent Company Income Statement

<b>TSEK</b>	<b>Q1 2018</b>	<b>Q1 2017</b>	<b>FY 2017</b>
Net sales	870	-	2,400
Other external costs	-2,130	-1,385	-4,530
Personnel costs	-1,432	-75	-1,716
<b>TOTAL OPERATING EXPENSES</b>	<b>-3,562</b>	<b>-1,460</b>	<b>-6,246</b>
Financial income	466	260	1,827
Financial expenses	-157	-	-
<b>FINANCIAL ITEMS - NET</b>	<b>309</b>	<b>260</b>	<b>1,827</b>
<b>PROFIT BEFORE TAX</b>	<b>-2,383</b>	<b>-1,200</b>	<b>-2,019</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-2,383</b>	<b>-1,200</b>	<b>-2,019</b>

# Parent Company Balance sheet

<b>TSEK</b>	<b>Mar 31, 2018</b>	<b>Dec 31, 2017</b>
<b>ASSETS</b>		
<b>Financial assets</b>		
Participations in subsidiaries	97,261	97,261
Shares	7,511	-
Other long term financial assets	1,000	-
<b>Total fixed assets</b>	<b>105,772</b>	<b>97,261</b>
<b>Current assets</b>		
<b>Current receivables</b>		
Other receivables	776	1,005
Accounts receivable from Group companies	98,047	55,734
Prepaid expenses and accrued income	372	604
Cash and bank deposits	49,514	70,250
<b>Total current assets</b>	<b>148,709</b>	<b>127,593</b>
<b>TOTAL ASSETS</b>	<b>254,481</b>	<b>224,854</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital	4,458	4,397
	<b>4,458</b>	<b>4,397</b>
<b>Non-restricted equity</b>		
Share premium reserve	290,907	272,272
Retained earnings	-54,507	-52,488
Profit/loss for the year	-2,383	-2,019
	<b>234,017</b>	<b>217,765</b>
<b>Total equity</b>	<b>238,475</b>	<b>222,162</b>
<b>Current liabilities</b>		
Accounts payable	52	704
Current tax liability	2,070	-
Other liabilities	10,826	379
Accrued expenses and deferred income	3,058	1,609
<b>Total current liabilities</b>	<b>16,006</b>	<b>2,692</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>254,481</b>	<b>224,854</b>

# Affirmation by the Board of Directors and the CEO

The Board of Directors and CEO affirm that this interim report provides a true and fair view of the Parent Company and the Group's operations, financial position and results for the period concerned.

Stockholm May 3, 2018  
The Board of Directors

Åke Sund  
*chairman*

Tony Grimaldi  
*member*

Elin Lydahl  
*member*

Tommy Nilsson  
*member*

Johan Nordström  
*member*

Indra Åsander  
*member*

Karl Bohman  
CEO

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

# Other information

## CALENDAR

Interim report Q2 2018  
Interim report Q3 2018  
Year-end report 2018

23 August 2018  
8 November 2018  
21 February 2019

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