SaltX Technology



SaltX Technology Holding AB (publ)

Annual Report 2017

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SALTX 2018



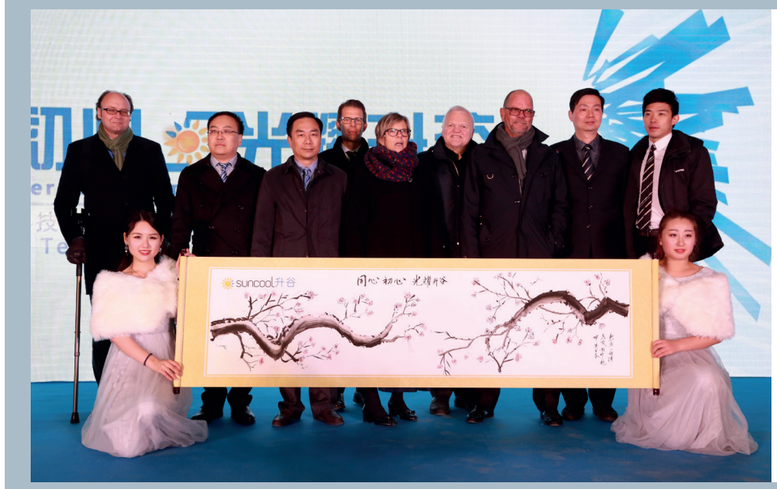
SALTX HACKATHON

More than fifty people, divided into eleven teams, were handpicked from the hundreds who registered their interest in participating. SaltX provided its patent portfolio and knowledge to the participants. The purpose of the hack was to find new commercial applications that will help to curb global warming.

WINNER IN THE SERENDIPITY CHALLENGE

SaltX won two prizes — *Growth Company of the Year* and the *Industry Prize* — in the entrepreneurship competition Serendipity Challenge 2017. Fifty companies, selected from among 400 Nordic applications, participated in the finals during Almedalsveckan/Almedalen Week in Visby.





OPENING OF THE SUNCOOL FACTORY

SaltX, together with its Chinese partner NSECT, opens the factory for manufacturing SunCool solar collectors. Customers, investors, partners and government officials from China and Sweden were present at the inauguration of the newly-built factory in Yuyao, south of Shanghai.

Interview with CEO Karl Bohman

2017 was an eventful year for SaltX. How would you summarize the year as a whole?
It really has been an eventful year! We have signed important agreements with major partners and made significant progress in all application areas. We have raised capital that enables a rapid expansion, and the organization has been strengthened. But above all we have taken a step into a commercialization phase.

Is there any particular event you want to highlight? And why?
The agreement with Vattenfall to complete the pilot project in Berlin and verify that the EnerStore solution works on a large scale. The license agreement with TUS Stjernberg is also important because it creates conditions for delivery capacity for HeatBoost for field trials this year and a subsequent launch. The deal reminds me a lot of the one we made for SunCool in China, and confirms the viability of the SaltX business model.

Is development going according to plan? Briefly, what is the situation for the different business areas?
Yes, on the whole. It's clear that I want things to move faster - I'm very impatient as a person - but we are making progress in the right direction and demonstrating results. At SunCool, series production in China has started and commercialization is under way. At HeatBoost, we are now preparing field trials in the US and we can speed up that work with further funding from the EU. At VerdAcc, commercial verification is still ongoing. At EnerStore, the pilot plant is now being built, and will then be installed and commissioned during the second half of 2018.

A number of new recruitments have been made during the year. How would you describe the interest in working at SaltX?
I am proud of the great interest in working for us. We have intentionally worked hard on recruitment not only with the new positions but also by creating an efficient platform to attract the best talent. We have noted that it has been successful not least because of the large number of job applications we receive and the quality of these from many different nationalities who want to be a part of SaltX's journey. It's great to see and it creates good conditions for global success.

The agreement was signed with Ahlstrom-Munksjö at the beginning of 2018. How does it affect SaltX in regard to products for the market and the commercial prerequisites?
In part, in the case of the development project, we are meeting the expectations of the parties - in about two years, we will have access to a production capacity for SaltX materials, which otherwise would have entailed major investments for us, and partly that we are able to lower the cost of our solution significantly, which will make it even more competitive in the market

"AT SUNCOOL SERIES PRODUCTION IN CHINA HAS STARTED AND COMMERCIALIZATION IS UNDER WAY. AT HEATBOOST WE ARE NOW PREPARING FIELD TRIALS IN THE USA AND WE CAN SPEED UP THAT WORK WITH FURTHER FINANCING FROM THE EU."

Interview with CEO Karl Bohman (Cont.)

One exciting initiative was SaltX Labs and the hackathon that you organized where the participants developed new uses for your nanocoated salt.
Definitely, it was really great! Of course, we had hoped for a lot of support and interest, but this exceeded our expectations. I am still incredibly fascinated by the involvement, creativity and motivation of the participants. It would not surprise me if some of the ideas turned into new commercial applications for SaltX.

Many things seem to have gone right for SaltX in 2017. But were there any disappointments during the year?
I had hoped that we would have come further with VerdAcc, but understand that the development period in the automotive industry takes time.

The capital issue last spring was successful and gave the Company around SEK 90m, but what is the current situation and going forward?
According to existing plans, the current funds, together with contributions from government grants, will be sufficient until we generate a positive cash flow.

What are you expecting from 2018?
In overall terms, that we are able to develop in accordance with our ambitious business plan. That we can demonstrate commercial progress, especially for SunCool. That manufacturing for HeatBoost runs smoothly in China. That we continue to have new patents granted, which guarantees our intellectual capital. And last but not least, that we receive positive results from the EnerStore plant in Berlin.

"WE HAVE SIGNED IMPORTANT AGREEMENTS WITH MAJOR PARTNERS AND MADE SIGNIFICANT PROGRESS IN ALL APPLICATION AREAS."
KARL BOHMAN, VD



Business model

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, Öresundkraft and Goldwind.

The technology makes it possible to store energy in salt in order to subsequently 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.

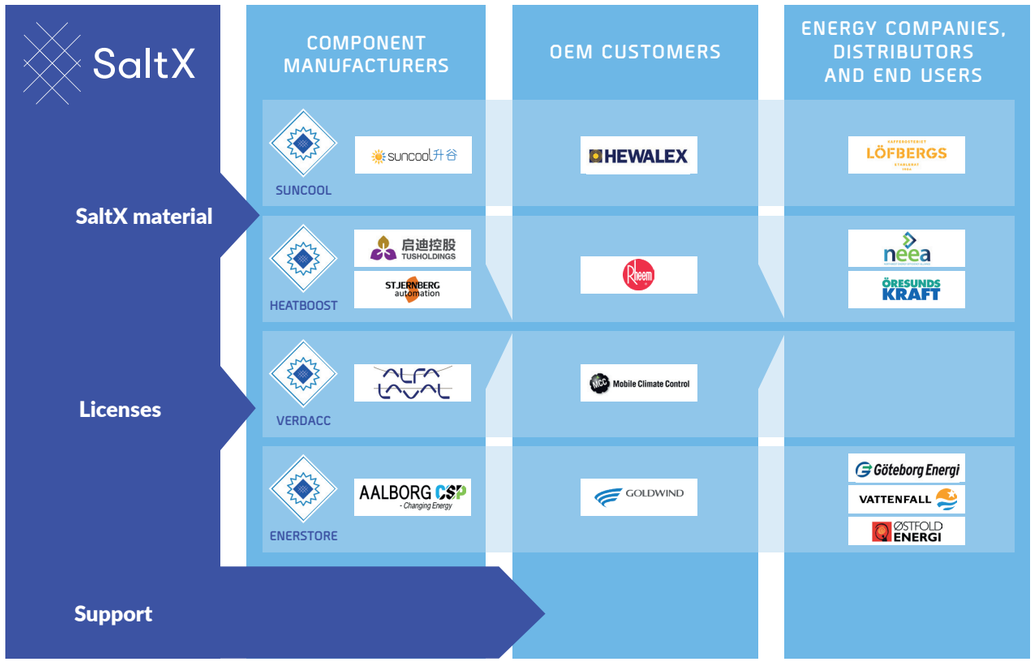
BUSINESS MODEL

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

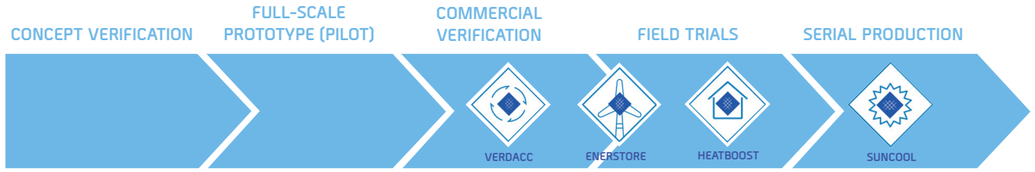
Customers are primarily major global OEM companies, component manufacturers and energy companies. Major energy and cost savings are made possible by integrating SaltX technology in their respective heating and cooling products (heat pumps, thermal solar collectors and air conditioning systems).

"THE TECHNOLOGY THEREBY ENABLES A MORE EFFICIENT USE OF ENERGY AND CONSIDERABLE ENERGY SAVINGS WITH LOWER COSTS AND REDUCED EMISSIONS AS A RESULT."



Business model (Cont.)

DEVELOPMENT STEPS



AREA OF APPLICATION	IMPLEMENTATION
SUNCOOL	Thermal solar collectors with integral heating and cooling for buildings.
HEATBOOST	Gas-driven pumps for hot water and domestic heating.
VERDACC	Heat-driven cooling in trucks and heavy vehicles.
ENERSTORE	Storage of renewable energy.

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, operations and production facilities are being established with a partner in China. SaltX is providing technical support and knowledge transfer.

The focus for Heat Boost is on preparing and carrying out field trials, industrialization and commercialization. The VerdAcc application is being tested and commercially verified.

For the EnerStore application area, commercial verification is in progress and the first large-scale pilot plant is being implemented.

VISION

SaltX Technology's vision is that SaltX will be the "Intel inside" of sustainable heating and cooling products.

MISSION

SaltX technology addresses the global energy transition, and when fully implemented, SaltX can reduce the world's energy consumption by one third. SaltX Technology's mission is to make heating and cooling for homes, buildings and vehicles sustainable by means of its SaltX solution.

Status
Areas of application

SUNCOOL

THERMAL SOLAR COLLECTORS WITH INTEGRAL ENERGY STORAGE FOR HEATING AND COOLING IN BUILDINGS





- In 2014, a large-scale pilot project was built and demonstrated at Löfbergs in Karlstad.
- In 2015, SaltX sold a license to NSECT in China.
- Commercial verification and various field trials were concluded in 2016.
- Serial production of SunCool solar collectors and associated components started at the end of 2017.
- A global launch is taking place in China and Africa, India and Australia.
- The first solar collectors have been delivered to customers and will be installed during Q2 2018.

ENERSTORE

LARGE-SCALE STORAGE OF RENEWABLE ENERGY (WIND AND SOLAR)



- Concept verification at Stockholm University was completed in 2016, after which a first prototype was tested by DLR in Germany in early 2017.
- Agreement on a pilot project was signed in 2017 with Vattenfall, Göteborg Energi and Öresundskraft with funding from the Swedish Energy Agency.
- Commercial verification and construction of the pilot plant for Vattenfall in Berlin was completed at the end of 2017, and construction on the building work has begun in the first half of 2018. Installation and commissioning is then planned thereafter.
- Further field trials with Goldwind, Aalborg CSP, Östfold and Solar Impacts are planned for 2018.

Status
Areas of application (Cont.)

HEATBOOST

GAS-POWERED HEAT PUMPS FOR DOMESTIC HEATING



- Concept verification was completed in 2016, after which a collaboration was begun with Rheem in the USA.
- Several prototypes have been tested and commercial verification was completed in early 2017.
- At the end of 2017, SaltX sold a license to TUS Stjernberg for the manufacture and sale of HeatBoost components in China.
- Manufacturing is scheduled to start in the second quarter of 2018 and will provide field trials with units in the USA and Europe where both OEM customers (Rheem and European OEMs) and energy companies have been identified (NEEA and Öresundskraft).
- At the same time, publicly funded evaluation projects are being carried out at Oakridge in the USA and Fraunhofer in Germany.
- In parallel with these field trials and evaluation projects, commercial launches took place at several OEM customers which were partly financed by the EU.
- The goal is to be ready to deliver products that respond to new stricter labelling rules to be introduced by the EU in September 2019.

VERDACC

HEAT-DRIVEN AIR CONDITIONING IN VEHICLES AND SHIPS



- There has been collaboration with Alfa Laval for ships since 2014 and with Mobile Climate Control (MCC) for heavy vehicles since 2015.
- SaltX sold a global license in 2016 to MCC.
- Commercial verification in both the MCC and Alfa Laval projects is ongoing.
- Thereafter, field trials and commercialization have been initiated in relation to vehicle OEMs and shipping companies

SaltX's history

The history of SaltX is the story of how a brainwave of chemist and inventor Ray Olsson caught the attention of entrepreneur and innovator Göran Bolin. The idea was developed into a worldwide patent that is being expanded into a global energy storage company.

In 2001, though his company ClimateWell, Göran Bolin acquired the patent for storing energy in salt. The development of the patent and the technology known as SaltX - which became the new name of his company, continued. Göran Bolin, as the CTO and Vice President, still plays a key role in SaltX's journey. Ray Olsson also has an important and very active role in the Company as the person responsible for the next generation of salts.

FIRST PRODUCT

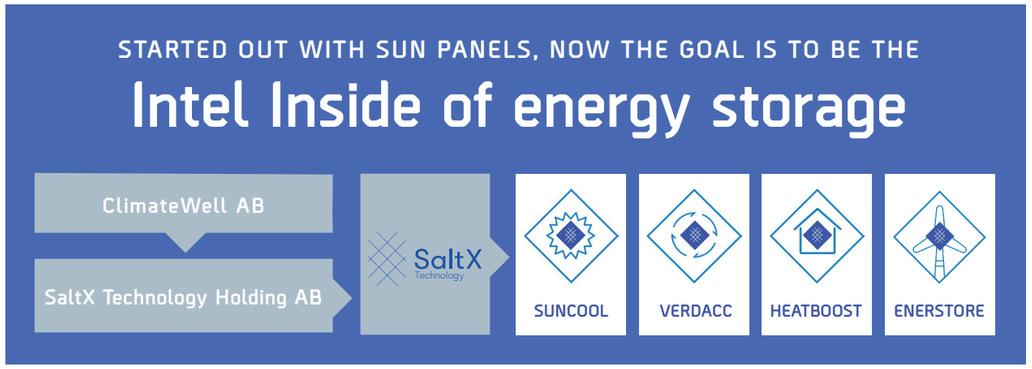
Based on the patent and with risk capital from Industrifonden, Skirner, Utilsun and NorthZone among others, ClimateWell developed a solar-powered air conditioning product - SolarChiller. The product was launched in 2007 and was sold in a number of markets through distributors. Manufacturing took place in the Company's own production facility in Spain. During the 2009 financial crisis, the Spanish domestic market disappeared, whereupon the company decided to adopt a new strategy. The focus would be instead on developing the core technology and selling it and the salt to companies that took the solution to the end customer - the strategy can be likened to the process manufacturer Intel with its Intel Inside concept.

AWARD WINNER

In 2010, ClimateWell was named one of the winners in General Electric's (GE) global innovation competition "Ecomagination Award" in competition with 70,000 other applicant companies. Shortly thereafter ClimateWell signed a contract with General Electric to jointly develop the next-generation of energy-efficient hot water heaters. Since then ClimateWell has developed significant partnerships with a number of major OEM customers and prestigious brands such as Dometic, Rheem, Alfa Laval, Caterpillar, Mobile Climate Control and most recently Vaillant.



"IN 2010, CLIMATEWELL WAS NAMED ONE OF THE WINNERS IN GENERAL ELECTRIC'S (GE) GLOBAL INNOVATION COMPETITION "ECOMAGINATION AWARD" IN COMPETITION WITH 70,000 OTHER APPLICANT COMPANIES – AN IMPORTANT SIGN OF QUALITY."



SUNCOOL LAUNCHED

In 2014, the launch took place of SunCool, a further development of the SolarChiller product. SaltX had been trying to enter the important Chinese market with this solution for some time. In 2014, Karl Bohman was appointed CEO after having been employed with the Company since 2011. He was commissioned by the Board to continue the journey towards full-scale commercialization of the SaltX technology. In 2015, the rights for the application for the Chinese market were sold to a former subsidiary, SunCool AB. The sale of the rights resulted in the Company reporting a significant profit for 2015. SunCool, in turn, signed a license agreement with a Chinese partner, NSECT, which entailed an exclusive right to manufacture and market products based on the license in the Chinese market.

In 2016, SaltX became listed on Nasdaq First North and the Company was renamed SaltX Technology Holding AB. In connection with the acquisition, cash issues were carried out that provided the Company with nearly SEK 30 million.

"SELLING THE PATENTED SALT IS VERY PROFITABLE AND SCALABLE WITHOUT THE NEED FOR MAJOR INVESTMENT."

COMMERCIAL BREAKTHROUGH

During 2016, a series of important agreements were concluded which meant that SaltX made significant steps towards a commercial breakthrough. Among other things, the pilot production of solar collectors for the Chinese market was initiated.

In 2017, the decisive step towards commercialization was taken, which meant that SaltX went from selling licenses to selling the Company's proprietary salt, which will be the main source of revenue in the future. Selling the patented salt is very profitable and scalable without the need for major investment.

How SaltX works

SaltX technology is as powerful as it is simple. The solution consists essentially of two parts; on the one hand the properties of the salt, and on the other hand the way in which to store the energy in the salt and then obtain heating or cooling.

THE PROPERTIES OF THE SALT

It has long been known that you can store heat or other forms of energy in salt. This is achieved when the energy is stored chemically by separating salt from water and then mixing them together again. The problem previously was that the process of pooling and separating salt could only be repeated a few times. After then the salt would have turned from independent salt grains into clumps of sand. SaltX technology prevents this by means of a special surface layer — so-called nanocoating — and the salt thus retains its original form of individual salt crystals. The advantages of this are that you can load and discharge energy tens of thousands of times without losing the salt's properties or its performance. The salt that is treated with nanocoating also possesses the property of being non-corrosive — that is to say it does not create rust — unlike ordinary salt. This provides a long-term and cost-effective solution. The material in which the salt is stored does not rust. In addition, salt is not toxic and can be recycled.



SALTX FOR BEGINNERS

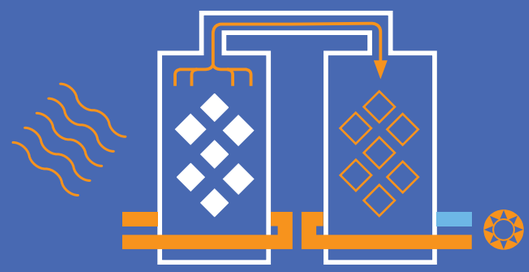
It can be compared with a battery, but SaltX stores thermal instead of electrical energy.

1. A special salt is treated with nanoparticles and mixed with liquid.
2. When the salt is heated, for example by solar heat, the liquid is boiled away and a part of the energy is chemically bound in the salt crystals.
3. If the fluid is re-added, the energy is released in the form of heat or cold. Temperatures of up to 500 degrees can be released.

AS SIMPLE AS A BATTERY:

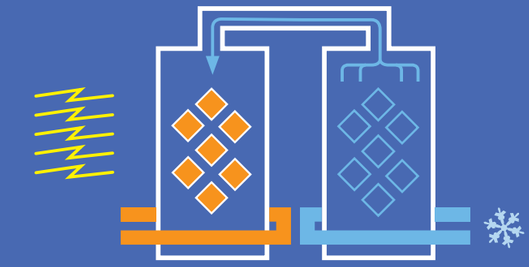
Storing energy in salt

1. CHARGING

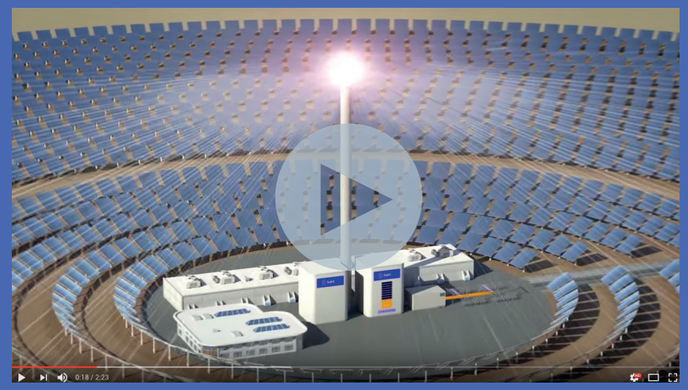


The key in SaltX technology is that the salt can be charged and discharged tens of thousands of times without losing its properties. The technology thus works like a battery. A rather simplified description: a salt and water solution is boiled in order to separate them from each other. This will leave dry salt. The water that is boiled away from the salt ends in a separate container. A valve is closed and keeps the two substances apart.

2. DISCHARGING



When the water is then remixed with the salt, a chemical reaction occurs and thermal energy is produced. The vessel that has contained the water during this period has a temperature below freezing point, due to an equalization of the energy balance. All this takes place in a closed system in vacuum and therefore can be repeated an almost unlimited number of times. The salt can be charged (heated) with any source of energy, from renewable solar and wind power to waste heat from an engine or gas burner.



SEE FURTHER DETAILS ABOUT SALTX ON YOUTUBE

The film shows a solar power plant which, using SaltX EnerStore, is able to deliver a steady flow of electricity on a 24/7 basis. Solar energy is stored in EnerStore tanks during the day, which are used to produce energy during the night.

SALTX 2018





Picture above: SaltX organizes a Hackathon with amazingly good participants and dedication.

To the left: Eric Jacobson, Market Strategy & Growth Manager at SaltX, along with a delegation consisting of, among others; Ibrahim Baylan (Minister for Policy Coordination and Energy) and Leif Pagrotsky (Consul General of Sweden in New York).





License agreement with TUS Stjernberg was concluded, creating the right opportunity for delivery capacity for HeatBoost.



Above in the middle: Göran Bolin, CTO and SaltX founder, visits Ahlstrom Munksjö headquarters. The cooperation will contribute to important steps in the development of SaltX technology.



Above and to the right: SaltX sign an agreement with Goldwind after the company's representatives visited SaltX's former headquarters and development lab in Hägersten.

Management Report 2017

SaltX Technology Holding AB (publ), Swedish company reg. no. 556917-6596, has its registered office in Stockholm, and together with its subsidiary, SaltX Technology AB (formerly ClimateWell AB), develops, markets and sells energy storage technology for integration and energy efficiency in various heating and cooling products and related business operations. SaltX Technology is the legal parent company and is recognized as this in financial reporting.

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.

SAVING ENERGY AND COSTS

Customers are primarily major global OEM companies (Original Equipment Manufacturers) such as Alfa Laval, Mobile Climate Control and Rheem. By integrating SaltX technology in their respective heating and cooling products (heat pumps, thermal solar collectors and air conditioning systems), major energy and cost savings are made possible.

FOCUS ON FOUR AREAS OF APPLICATION

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 is now establishing operations and production facilities in China with a local partner. SaltX Technology is providing technical support and knowledge transfer.

The focus for Heat Boost is on preparing and carrying out field trials, industrialization and commercialization. The VerdAcc application is being tested and commercially verified. Commercial verification is being carried out for the EnerStore application area, as well as implementation of the first large-scale pilot plant.

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 material SaltX, and the license to use this.

REVENUE, EXPENSES AND EARNINGS

OPERATING REVENUE

Net sales for the year totaled TSEK 5,300 (596). The increase is due to higher revenues from a number of cooperation agreements and part of the licensing revenue from Stjernberg Automation, but also because the 2016 accounts were charged with a reversal of revenue relating to the termination of a cooperation project with the British ETI.

EXPENSES

Expenses during the year amounted to TSEK -51,316 (-51,018), broken down into other

external expenses TSEK -25,419 (-16,279), personnel expenses TSEK -24,995 (-18,173, depreciation of fixed assets TSEK -902 (-1,428) and other operating expenses TSEK - (15,138). Other operating expenses in 2016 refer to the costs of the merger between ClimateWell and SaltX, see also Note 11.

OPERATING PROFIT/LOSS (EBIT)
The operating profit/loss was TSEK -28,515 (-35,846).

FINANCIAL ITEMS
Profit/loss from financial items amounted to TSEK 1,736 (1,667) and mainly consists of interest on the receivable in relation to SunCool AB from the sale of license rights 2015.

EARNINGS
Earnings before tax amounted to TSEK -26,779 (-34,179). Earnings per share before and after dilution were SEK -0.53 (-0.88).

CASH FLOW AND LIQUIDITY
Cash flow from operating activities was TSEK -28,490 (-14,108) for the full year. At year-end, the Group's cash and cash equivalents amounted to TSEK 71,837 (18,812) and have been boosted through a share issue in May 2017.

INVESTMENTS
Investments affecting cash flow during the year were TSEK -20,319 (-852), which was mainly capitalized development. The previous year included the contribution in the form of net assets in the new parent company, SaltX, in the reverse acquisition.

LONG-TERM LIABILITIES
Long-term liabilities totaled TSEK 31,093 (29,029) and consisted of loans from the Swedish Energy Agency of TSEK 25,000 and Almi Företagspartner of TSEK 6,000, and deferred tax liabilities. In respect of loans from the Swedish Energy Agency, the Company believes that amortization will commence in 2019, depending on the date when the Company has fulfilled the criteria for commercialization. The Agency is carrying out a follow-up of the final report for the project. The matter concerns potential early repayment of the loan due to possible violations of loan terms in connection with the transfer of assets to SunCool AB, a company that is now merged with SaltX. The Company assesses the risk of early repayment as low.

EQUITY
Equity at year-end totaled TSEK 161,372 (88,381) or SEK 2.94 (1.97) per share. Capital and liquidity were significantly strengthened in May 2017 through an oversubscribed new capital issue that brought the Company net funds of almost MSEK 92. The equity/debt ratio at year-end was 78 (69) per cent.

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. Significant risks include:

PATENTS
The Company's growth and success is largely dependent on the company's patents. There is a risk that there are weaknesses or problems with these patents, or that the company infringes other patents. It cannot be ruled out that such problems may only able to be addressed at a significant cost or risk to the Company's future.

TECHNICAL SOLUTIONS
The technology is new to the market and there is a risk that weaknesses or problems with this process have not been detected so far and that these weaknesses or problems are only able to be remedied at a significant cost.

COMPETING PRODUCTS
Today, the company's position is partly based on the uniqueness of the technology and component design. There is a risk that another company could launch a competing product that is better and/or cheaper than any of the SaltX components or that the competitor gains a stronger market position. This could potentially change the conditions for SaltX's expansion.

KEY PERSONNEL
SaltX is dependent on qualified and motivated staff in all functions. It is very important that SaltX succeeds in attracting and retaining key personnel, and that they experience SaltX as a stimulating workplace. Achieving this requires professional management and profiling of the company and that the projected development is achieved. If this is not achieved, this could potentially change the prerequisites for SaltX's expansion.

INFORMATION ON NON-FINANCIAL DISCLOSURES

In 2017, the Company has continued to apply its established policies for environmental and occupational health and safety issues. The Company strives for an equal workplace, and believes that this situation was achieved in 2017.

ENVIRONMENTAL IMPACT
SaltX's operations are carried out by approximately 30 employees in office premises with certain development and laboratory facilities that do not have any environmental impact. No permit or notification obligation under the Swedish Environmental Code is required.

One of the benefits of SaltX technology, storing thermal energy in salt, is that the salt is natural and not hazardous to the environment neither when it is used nor when the product containing the salt has been used up.

OWNERSHIP STRUCTURE
The Company's two major shareholders at the end of the year were as follows: Stiftelsen Industrifonden, 24 per cent and Skirner AB, 18 per cent. Together they own 42 per cent of the Company's shares. In addition, the Company has approximately 25,000 shareholders, consisting of individuals and institutions in Sweden and internationally.

Shares in SaltX are listed on NASDAQ First North Stockholm.

The stock has been traded every day during the year with an average volume of 451,685 shares per day and a total of 113 million shares traded and this corresponds to more than twice the number of shares in the Company. The highest share price was SEK 50.75 (17 July) and the lowest SEK 12.85 (7 April) during the year.

PARENT COMPANY

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

Profit/loss before tax amounted to TSEK -2,019 (-3,515). The parent company's available liquid funds at year-end totaled TSEK 70,250 (15,231).

SHARE CAPITAL

The Parent Company SaltX Technology Holding Share capital at year-end totaled SEK 4,397,484.24 consisting of 54,968,553 shares at a nominal value of SEK 0.08.

In May, a preferential share issue of 1:5, comprising 8 950 291 shares and corresponding to 16.7 per cent dilution, was completed at a price of SEK 11.20, which provided the Company with MSEK 92 after deduction of costs for implementation, mainly in regard to fees to issue underwriters. The capital issue was oversubscribed by almost 50 per cent.

During the year, conversion of options to shares took place, with 1 266 804 shares being issued giving the Company MSEK 6.0 in new capital.

WARRANTS

In connection with some of the capital issues in 2016, warrants were also issued when shares and warrants were issued as one "unit". 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 December, holders of warrants corresponding to 1,266,804 shares had requested the conversion of warrants to shares, and these shares have been issued. SaltX has been provided with MSEK 6.0 (net after deduction of transaction costs). The remaining warrants constitute a 5.2 percent dilution.

INCENTIVE PROGRAMMES

The Annual General Meeting in April 2017 decided to authorize the Board to issue 750,000 warrants which were 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 applicable share price. These shares correspond to a potential dilution of 1.3 per cent. As at 31 December, 415,000 warrants had been acquired at market price by employees.

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 ClimateWell. Employees have acquired 483,000 of these warrants at market value. 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. With full exercise of the warrants, the Company will receive MSEK 7.5. These shares correspond to a potential dilution of 2.7 per cent.

EARNINGS PER SHARE

Earnings per share for the year amounted to SEK -0.53 (-0.85) based on an average figure of 50,390,295 (38,978,014) 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 during the year. When calculating the number of shares after full dilution, the additional shares issued from warrant programs have been taken into account, however this has not had any effect because the result is negative.

The number of actual shares outstanding at 31 December was 54,968,553 shares.

As of 31 December 2017, 720 shares from the merger between SaltX and former ClimateWell had not yet been subscribed for, which is why a liability amounting to TSEK 29 is recognized in regard to the current redemption process.

ANNUAL GENERAL MEETING, FINANCIAL STATEMENTS, AND APPROPRIATION OF PROFITS

The Annual General Meeting will take place at 15:00 on 25 April 2018 at Blasieholmen Investment Group's premises at Birger Jarlsgatan 2, Stockholm. The documents for the AGM are available on the Company's website.

CHANGE IN SHARE CAPITAL IN 2017

	Change in share capital	Accumulated share capital	Change no. of shares	Accumulated no. of shares
Opening balance 2017		3 578 984,56		44 737 307
Issue for non-cash consideration April 2017	1 132,08	3 580 116,64	14 151	44 751 458
Issue for non-cash consideration May 2017	716 023,28	4 296 139,92	8 950 291	53 701 749
Capital issue though warrants TO2 2017	101 344,32	4 397 484,24	1 266 804	54 968 553

5-year overview

5-year overview (TSEK)	2017	2016	2015	2014	2013
Net sales	5 300	596	40 752	7 231	4 445
Operating profit/loss (EBIT)	-28 515	-35 846	20 226	-9 035	-12 172
Earnings per share before and after dilution, SEK	-0,53	-0,88	n.a.	n.a.	n.a.
Equity	161 372	88 381	72 162	51 549	60 366
Cash flow from operating activities	-28 490	-14 108	-4 881	-6 857	-12 525
Equity ratio (equity/balance sheet total), %	78	69	67	60	65

2015-2013 is for SaltX Technology AB (formerly ClimateWell AB) and has not been converted to IFRS.

Consolidated statement of comprehensive result - summary

TSEK		Note	2017	2016
Net sales		2	5 300	596
Capitalized development expenses			17 229	11 629
Other operating income		3(a)	272	2 947
Total			**22 801**	**15 172**
Other external costs		3(b)	-25 419	-16 279
Personnel costs		3(b)	-24 995	-18 173
Depreciation and impairement of fixed assets			-902	-1 428
Other operating costs			-	-15 138
Total			**-51 316**	**-51 018**
Operating profit/loss			**-28 515**	**-35 846**
Finance income	3(c)	1 760		1 673
Finance costs	3(c)	-24		-6
Finance items - net		**1 736**		**1 667**
Profit/loss before income tax			**-26 779**	**-34 179**
Income tax expense		4(a)	-64	-29
Profit/loss for the year			**-26 843**	**-34 208**

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.

Earnings per share based on result attributable to shareholders of the Parent Company:

SEK	2017	2016
Basic earnings per share	-0,53	-0,88
Earnings per share after dilution	-0,53	-0,88

Notes on pages 25 to 58 constitutes an integral part of these consolidated accounts.

Consolidated Balance Sheet

TSEK	Note	17-12-31	16-12-31	16-01-01 (due to IFRS)
ASSETS				
Non-current assets				
Intangible assets				
Capitalized expenditure on development work	6(b)	91 300	75 268	65 821
Patents and trademarks	6(b)	2 038	1 654	1 751
Total intangible assets		**93 338**	**76 922**	**67 572**
Tangible assets				
Equipment, tools, fixtures and fittings	6(a)	1 711	466	734
Total tangibale assets		**1 711**	**466**	**734**
Financial fixed assets				
Other long-term receivables	5(a)	30 210	28 455	27 120
Total financial fixed assets		**30 210**	**28 455**	**27 120**
Total fixed assets		**125 259**	**105 843**	**95 426**
Current assets				
Advance payments to suppliers		95	-	378
Accounts receivables - trade	5(a)	4 315	244	1 290
Other receivables	5(a)	2 226	1 238	908
Prepaid expenses and accrued income	5	4 364	2 330	4 515
Cash and bank balances	5(b)	71 837	18 812	5 513
Total current assets		**82 837**	**22 624**	**12 604**
TOTAL ASSETS		**208 096**	**128 467**	**108 030**
EQUITY AND LIABILITIES				
Equity				
Share capital	7	4 397	3 579	19 799
Other contributed capital	7	490 294	391 278	325 110
Other equity including result for the period		-333 319	-306 476	-272 747
Total equity attributable to the shareholders of the Parent Company		**161 372**	**88 381**	**72 162**
Non-current liabilities				
Other liabilities	5(d)	31 000	29 000	25 000
Deferred tax liability		93	29	-
Provisions		-	-	403
Total non-current liabilities		**31 093**	**29 029**	**25 403**
Current liabilities				
Liabilities to minority	11	29	251	-
Accounts payable - trade	5(c)	4 163	2 253	1 620
Other liabilities		804	336	747
Accrued expensed and deferred income	6(e)	10 635	8 217	8 098
Total current liabilities		**15 631**	**11 057**	**10 465**
TOTAL EQUITY AND LIABILITIES		**208 096**	**128 467**	**108 030**

Notes on pages 25 to 58 constitutes an integral part of these consolidated accounts.

Changes of consolidated equity

	Attributable to the shareholderts of the Parent Company			
TSEK	Share capital	Other contributed capital	Other equity including result for the year	Total equity
Opening balance Jan 1, 2016	**19 799**	**325 110**	**-272 747**	**72 162**
Result for the year equal to comprehensive result	–	–	-34 208	-34 208
Total comprehensive result	**–**	**–**	**-34 208**	**-34 208**
Transactions with shareholders in their capacity as owners:				
Effect of reversed acquisition	-17 201	43 140	–	25 939
Registration of share capital at issue in kind	162	-162	–	–
Transactions with minority	–	-251	–	-251
New capital issues	560	20 440	–	21 000
Issue expenses	–	-1 702	–	-1 702
Set off issues	259	4 416	–	4 675
Share related compensation	–	–	479	479
Warrants sold	–	287	–	287
Closing balance Dec 31, 2016	**3 579**	**391 278**	**-306 476**	**88 381**
Result for the year equal to comprehensive result	–	–	-26 843	-26 843
Total comprehensive result	**–**	**–**	**-26 843**	**-26 843**
Transactions with shareholders in their capacity as owners:				
Rights issues	818	105 601	–	106 419
Issue expenses	–	-7 669	–	-7 669
Warrants sold	–	1 084	–	1 084
Closing balance Dec 31, 2017	**4 397**	**490 294**	**-333 319**	**161 372**

Consolidated Cash Flow Statement

TSEK	2017	2016
Cash flow from operating activities		
Profit/loss after financial items	-26 779	-34 179
Adjustment for items not included in cash flow, etc.		
- Depreciation and impairement of fixed assets	902	1 428
- Reversed reserve for restructuring costs	–	-402
- Equity based compensation to employees	–	218
- Expenses for reversed acquisition	–	15 138
Cash flow from operating activities before changes in working capital	**-25 877**	**-17 797**
Cash flow from changes in working capital		
Increase/Decrease of current receivables	-7 187	3 279
Increase/Decrease of current payables	4 574	410
Cash flow from changes of working capitall	**-2 613**	**3 689**
Cash flow from operating activities	**-28 490**	**-14 108**
Cash flow from investing activities		
Investments in intangible assets	-17 073	-10 160
Investments in tangible assets	-1 491	-349
Acquisition of subsidiary	–	10 992
Increase/decrease in long-term receivables	-1 755	-1 335
Cash flow from investing activities	**-20 319**	**-852**
Cash flow from financing activities		
New rights issues	99 834	24 259
Loans*	2 000	4 000
Cash flow from financing activities	**101 834**	**28 259**
Cash flow for the period	**53 025**	**13 299**
Cash and bank balances, opening balance	18 812	5 513
Cash and bank balances, closing balance	**71 837**	**18 812**

* Cash flow from financing activities only consists of increase of loan from Almi Företagspartner.
Paid interest amounted to 292 (105) and was to Almi Företagspartner

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Notes to the consolidated financial statements

NOTE 1 SIGNIFICANT CHANGES DURING THE REPORTING PERIOD

The Group's financial position and earnings were significantly affected by the following events and transactions during the reporting period:

Capital and liquidity were significantly strengthened in May 2017 through an oversubscribed new capital issue that brought the Company close to MSEK 100 net.

A detailed report of the Group's earnings and financial position can be found in the management report on pages 15 to 18.

NOTE 2 REVENUE

The Group has the following types of revenue:

	2017	2016
Consultancy services	899	1,353
Development cooperation	3,252	-757
Licences (IP rights)	1,149	–
Total revenue	**5,300**	**596**

Revenue from sales of consultancy and management services amounting to TSEK 899 (1,353) relates to sales to SunCool AB, which is an affiliated company of the Group. (For further information, see Note 15(d) Transactions with affiliates. Revenue from licenses (IP rights) refers to Stjernberg Automation AB.

Of revenue, TSEK 2,604 (1 382) comes from external customers in Sweden, TSEK 2,623 (877) originates from customers in the USA and TSEK 73 (-1,663) is from customers in other countries.

All long-term investments are in Sweden.

2(a) REVENUE RECOGNITION

Revenue is recognized according to the following principles:

Sales of services – Consultancy services

Time of recognition: Sales of consultancy services are on a current account basis. For service assignments on a current account basis, the revenue attributable to a completed service assignment is recognized as revenue in line with the completion of the work and the delivery or use of the material.

Sales of management services

Time of recognition: Sales of management services have occurred in 2016 and consist of an indefinite number of activities. Revenue from sales of management services are recognized in line with the work carried out.

Licensing

Licensing refers to a customer's right to an intellectual property right in the form of the SaltX technology. The license applies to a specific market and for the manufacture of a limited number of components. The license is sold in conjunction with consulting services. For each license, the Group assesses whether the license is distinct from other goods or services. If the license is not distinct, this is recognized together with the consultancy services to be performed. If the license is distinct, it is recognized either at a certain time or over time. The assessment of when the license revenue is to be recognized is based on whether the license entitles the customer to gain access to the license in its existing state during the license period or if the license entitles the customer to use the license in its existing state at the time the license is granted.

Revenue recognition is initially based on an assessment of whether the agreement with the counterparty concerning one of SaltX's intangible assets means that the license received by the counterparty in the agreement has been divested from an ac-

counting perspective (i.e. as a sold license where the counterparty utilizes the asset). The assessment is based on the criteria for the sale of a product (according to the income standard IAS 18):

- The company has transferred to the buyer the significant risks and benefits associated with ownership of the goods.
- The company does not retain any such commitment in the ongoing management that is usually associated with ownership and the company does not exercise any real control over the goods sold.
- The revenue can be measured reliably. It is probable that the economic benefits associated with the transaction will devolve to the company.
- The expenses incurred, or which are expected to arise as a result of the transaction can be calculated reliably.

If these criteria are met, the assessment is made that the economic significance of the agreement entails a divestment of the underlying asset. If the criteria are not met, no divestment of the asset has occurred.

Payments received from the conclusion of a licensing agreement are recognized when the agreement is entered into if there are no reservations in the agreement with the counterparty, and it is deemed in accordance with the above that the license is sold in the same way as a product. If any criterion for revenue recognition in the form of a product is not fulfilled, the revenue recognition will be deferred until all the above criteria are met. Any additional remuneration is recognized as revenue when it is possible to measure this additional revenue reliably.

Payments received in the form of non-recurring payments and which refer to obligations in the agreement that SaltX has not yet performed are accrued over the term of the agreement under which SaltX fulfils the obligations. If the remuneration relates to services, income is reported in line with the performance of the work.

Development work

Time of recognition: Industry associations whose purpose is to accelerate the development of more environmentally friendly products within the Group's area contribute to the Group's development of SaltX technology in order for it to be used in products that will be sold commercially. These services consist of fixed-price contracts and revenues are recognized based on the completion rate at the end of the reporting period. The completion rate is determined based on the services performed at the end of the reporting period in proportion to what is to be done in total (percentage of completion method).

Development cooperation takes place with a limited number of industry associations. In 2017, two of these partners accounted for a share of more than 10 percent each of total net sales. The previous year, 2016, was charged with the reversal of revenue relating to the termination of the cooperation project with the British ETI.

Assessment of revenue: Estimates of revenue, costs or degree of completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or expenses are reflected in the income statement during the period when the circumstances giving rise to the revision have become known to management.

Contracts related to development cooperation relate to contracts where the Group and the counterparty/counterparties jointly share the results of the project. In the projects in progress, the results of the cooperation are also available to the public.

NOTE 3 OTHER REVENUE AND EXPENSES

This note gives a breakdown of the items included in other operating revenue, other external expenses, costs for employee benefits, other operating expenses and financial income and expenses.

3(a) OTHER OPERATING REVENUE

	2017	2016
Reimbursement of costs	–	863
Public co-financing of projects	89	2 078
Other	183	6
Total	**272**	**2 947**

Other operating revenue includes revenue that is not considered to constitute the Group's regular operations. The Group currently considers payments received from industry associations whose purpose is to accelerate the development of more environmentally friendly products to constitute its regular operations, and these payments are thus included in net sales.

Salaries and other benefits, and social security expenses	**2017**		**2016**	
Sweden	**Salaries and other benefits of which (bonuses)**	**Pensions-expenses**	**Salaries and other benefits (of wich bonuses)**	**Pensions expenses**
Board members, CEO and other senior management	5,909	1,049	4,734	850
(of which bonuses)	(850)		(610)	
Other employees	10,001	1,248	7,584	609
(of which bonuses)	(291)		(63)	
Total	**15,910**	**2,297**	**12,318**	**1.459**

Average number of employees	**2017**		**2016**	
	No.	**of whom men**	**No.**	**of whom men**
Sweden	23	65%	21	62%

Gender diversity in the Group (incl. subsidiaries) for board members and other senior management	**2017**		**2016**	
	No.	**of whom men**	**No.**	**of whom men**
Board members	6	4	5	5
CEO and othersenior management	6	5	5	3
Total	**12**	**9**	**10**	**8**

3 (b) OPERATING EXPENSES

(i) Employee benefits etc.

	2017	2016
Salaries and other benefits	15,910	12,318
Social security contributions	4,208	3,143
Pension expenses - defined contribution plans	2,297	1,459
Total costs for remuneration to employees	22,415	16,920

(ii) Remuneration to the auditors

	2017	2016
Remuneration to the auditors		
PwC		
- Audit engagement	568	206
- Tax consultancy	145	149
- Other services	579	139
KPMG		
- Other services	–	192
Total cost of remuneration to auditors	1,292	686

Increase of other services in 2017 consists primarily of costs of adjustment to IFRS.

(iii) Other operating expenses

	2017	2016
Issue costs (2016: cost of reverse acquisition)	–	15,138
Total	**–**	**15,138**

3(c) FINANCIAL INCOME AND EXPENSE

	2017	2016
Financial income		
Interest income, bank deposits	–	9
Interest income, loan SunCool AB	1,760	1,620
Exchange rate differences	–	43
Interest income, other	–	1
Financial income	**1,760**	**1,673**

	2017	2016
Financial expense		
Exchange rate differences	-21	–
Interest expense, other	-3	-6
Financial expense	-24	-6
Net financial items	**1,736**	**1,667**

(i) Capitalized borrowing costs

As the Group's loans from Almi Företagspartner have been raised for developing components currently recognized as intangible assets, the Group has made the assessment that the total loan expense attributable to the loan from Almi Företagspartner is capitalized as from the transition to IFRS. Capitalized interest expense for the year amounted to TSEK 292 (105). See detailed description in the transition information in Note 20.

NOTE 4 INCOME TAX

The note shows an analysis of the Group's income tax, amounts recognized directly in equity and how income tax is affected by non-taxable income and non-deductible costs. It also explains significant estimates made in relation to the Group's tax position.

4(a) INCOME TAX

	2017	2016
Current tax		
Current tax on profit for the year	–	–
Total current tax	**–**	**–**
Deferred tax		
Increase of deferred tax liabilities (Note 6d)	-64	-29
Total deferred tax	**-64**	**-29**
Income tax	**-64**	**-29**

4(b) RECONCILIATION BETWEEN THEORETICAL TAX EXPENSE AND RECOGNIZED TAX

	2017	2016
Profit/loss before tax	-26,779	-34,179
Tax at Swedish tax rate of 22% (2016: 22 %)	5,891	7,519
Tax effect of items which are non-deductible/(non-taxable):		
Non-deductible expenses	-88	-35
Taxable income	-238	–
Additional deductible expenses	1,687	375
Effect of non-recognized loss carryforwards	-7,316	-7,888
Income tax	**-64**	**-29**

4(c) LOSS CARRY-FORWARDS

	2017	2016
Unutilized loss carryforwards for which no deferred tax assets have been recognized	275,674	242,418
Potential deferred tax assets, 22 %	60,648	53,332

Information regarding the 2017 income year:

SaltX Technology Holding and SaltX Technology together have tax deficits of approx. MSEK 242 from previous years, but the majority of these (approximately MSEK 220) are affected by a group contribution block between companies. However, the deficits can be utilized against profits from their own operations.

For further information on recognized losses and important assessments regarding these, see Note 8.

NOTE 5 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This note contains information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group
- specific information about each type of financial instrument
- accounting policies

The Group has the following financial instruments:

	Financial assets valued at accrued cost		
Financial assets	**17-12-31**	**16-12-31**	**16-01-01**
Other long-term receivables	30,210	28,455	27,120
Trade accounts receivable	4,315	244	1,290
Accrued income	2,858	1,308	3,625
Cash equivalents	71,837	18,812	5,513
	109,220	**48,819**	**37,833**

	Financial liabilities at accrued cost		
Financial liabilities	**17-12-31**	**16-12-31**	**16-01-01**
Other long-term liabilities	31,000	29,000	25,000
Trade accounts payable	4,163	2,253	1,620
Other current liabilities	–	–	500
	35,763	**31,253**	**27,120**

The Group's exposure to various risks associated with financial instruments is described in Note 9. The maximum exposure to credit risk at the balance sheet date is the carrying value of each category of financial assets mentioned above.

5(a) TRADE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	17-12-31	16-12-31	16-01-01
Trade accounts receivable	4,315	244	1 290
Provision for doubtful trade accounts receivable	–	–	–
	4,315	244	1,290
Other long-term receivables	30,210	28,455	27,120
Accrued income	2,858	1,308	3,625
Other receivables	2,226	1,238	908
	35,294	**31,001**	**31,653**

(i) Classification of trade accounts receivable and other receivables

Trade accounts receivable are amounts attributable to customers in respect of services sold in operating activities. Other receivables are non-derivative financial assets with defined or definable payments and which are not listed in an active market. If payment is expected within one year or less, they are classified as current assets. If not, they are classified as long-term investments. Trade accounts receivable are generally due for payment within 30 days and all trade accounts receivable are therefore classified as current assets. The Group's other accounting policies for trade accounts receivable and other receivables are described in Note 19(m).

(ii) Other long-term receivables

This amount relates to the receivable from SunCool AB attributable to the balance still outstanding on the sale of intellectual property in 2015. Interest is charged on market conditions. See also information on terms etc. in the note relating to transactions with affiliates, Note 15(d).

(iii) Fair value of trade accounts receivable and other receivables

The fair value of current receivables corresponds to their carrying value as the impact of discounting is not significant. For the Group's long-term receivables, the fair value does not differ significantly from its carrying amount.

(iv) Impairment and risk exposure

Information on impairment of trade accounts receivable and other receivables, their creditworthiness and the Group's credit exposure can be found in Note 9. None of the Group's other long-term and current receivables are overdue or impaired. The Group's trade accounts receivable and other receivables are largely in Swedish currency. Due to this, there is no major currency exposure in these items. The Group has no assets pledged as collateral.

As at 31 December 2017, satisfactory accounts receivable amounted to TSEK 4,315

(2016-12-31: TSEK 244, 2016-01-01: TSEK 1,290) for the Group.

5 (b) CASH AND CASH EQUIVALENTS

	2017-12-31	2016-12-31	2016-01-01
Current assets			
Cash and bank balances	71,837	18,812	5,513

(i) Cash and cash equivalents' composition

Cash equivalents consist of bank balances. See Note 19(l) for the consolidated accounting policies concerning cash and cash equivalents.

5(c) TRADE ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2017-12-31	2016-12-31	2016-01-01
Current liabilities			
Trade accounts payable	4,163	2,253	1,620
Other current liabilities	–	–	500
	4,163	**2,253**	**2,120**

Trade accounts payable are without security and are normally paid within 30 days.

The fair value of trade accounts payable and other liabilities is considered to correspond to their carrying amounts, as they are by nature short-term.

5 (d) BORROWING

	2017-12-31 Long-term	2016-12-31 Long-term	2016-01-01 Long-term
Loans without pledged assets			
The Swedish Energy Agency	25,000	25,000	25,000
Total loans without pledged assets	25,000	25,000	25,000
Loans with pledged assets			
Almi Företagspartner	6,000	4,000	–
Total loans with pledged assets	**6,000**	**4,000**	**–**
TOTAL BORROWING	**31,000**	**29,000**	**25,000**

(i) Loan conditions

The liability to the State Energy Agency is a loan received for the development of the Group's component-based business. The loan is interest-free and a straight loan until its components generate revenue. Thereafter, payment of interest and amortization on the liability will be at 5 per cent of the revenue (per annum) on own-account sales and 35 per cent of royalties respectively. Interest will then be paid at 6 per cent over the Riksbank's reference rate applicable at that time. For estimates and assessments linked to loans from the Swedish Energy Agency, see Note 8.

The liability to Almi Företagspartner is a growth loan for innovative companies, which has been obtained for product development. The loan is not conditional on any specific performance requirements. The loan is a straight loan for 36 months and the credit period is 60 months. Interest is paid on a regular basis during the credit period and follows the EU reference rate for Sweden.

(ii) Fair value

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, to the loan from the Swedish Energy Agency. See the table at the bottom of this page.

The fair value of long-term liabilities has been calculated using expected cash flows discounted at current interest rates. They are classified as level 2 in the fair value hierarchy (see below) as a market rate of interest has been used for calculation.

Below is a brief description of the levels in the real hierarchy:

Level 1: The fair value of financial instruments traded on an active market (such as listed derivatives, financial instruments held for trading and assets that can be sold) is based on quoted market prices on the balance sheet date. The quoted market price used for the Group's financial assets is the current bid price.

Level 2: The fair value of financial assets not traded on an active market (e.g. OTC derivatives) is determined by valuation techniques that, as far as possible, are based on market information while using company-specific information as little as possible. All essential input data required for the fair value measurement of an instrument are observable.

Level 3: In cases where one or more significant input data are not based on observable market information. This applies, for example, to unlisted instruments.

	2017-12-31 Carrying amount	2017-12-31 Fair value	2016-12-31 Carrying amount	2016-12-31 Fair value	2016-01-01 Carrying amount	2016-01-01 Fair value
Swedish Energy Agency	25,000	22,973	25,000	21,673	25,000	20,446

(iii) Risk exposure

Information on the Group's exposure to risks relating to long-term borrowing can be found in Note 9.

NOTE 6 NON-FINANCIAL ASSETS AND LIABILITIES

This note contains information about the Group's non-financial instruments and liabilities, including:

- specific information each type of non-financial asset and non-financial liability
- intangible fixed assets (Note 6a)
- intangible assets (Note 6b)
- public grants (Note 6c)
- deferred tax assets/liabilities (Note 6d)
- accrued expenses and prepaid income and prepaid expenses (Note 6e)

6 (a) TANGIBLE ASSETS

Fixed assets	Equipment, tools and fixtures and fittings
As at 1 January 2016	
Cost	6,444
Accumulated depreciation	-5,710
Carrying amount	**734**
2016 Financial year	
Opening carrying amount	734
Purchases	349
Disposals	-666
Depreciation	-610
Disposals (accumulated depreciation)	659
Closing carrying amount	**466**
As per 31 December 2016	
Cost	6,127
Accumulated depreciation and disposals -5 661	
Carrying amount	**466**
2017 Financial year	
Opening carrying amount	466
Purchases	1,491
Disposals	-3,473
Depreciation	-246
Disposals (accumulated depreciation)	3,473
Closing carrying amount	**1,711**
As per 31 December 2017	
Cost	4,145
Accumulated depreciation and impairment and disposals	-2,434
Carrying amount	**1,711**

(i) Depreciation methods and estimated useful lives

Tangible assets are recognized at cost less depreciation.

Depreciation is made on a straight-line basis to allocate cost, less the estimated residual value over the estimated useful life. The estimated useful life is as follows:

- Equipment, tools, fixtures and fittings 5 years

See Note 19(n) for other accounting policies attributable to tangible fixed assets.

6(b) INTANGIBLE ASSETS

Fixed assets	Capitalized expenses for development-work	Patents and trademarks	Total
As at 1 January 2016			
Cost	65,821	5,505	71, 326
Accumulated depreciation and impairment		-3,754	-3,754
Carrying amount	**65,821**	**1,751**	**67,572**
2016 Financial year			
Opening carrying amount	65,821	1,751	67,572
Purchases/internal generation	9,446	714	10 160
Disposals	–	-965	-965
Depreciation	–	-723	-723
Disposals (accumulated depreciation)	–	877	877

Closing carrying amount	75,267	1,654	76,921
Per 31 december 2016			
Cost	75,267	5,254	80,521
Accumulated depreciation and impairment		-3,600	-3,600
Carrying amount	**75,267**	**1,654**	**76,921**
2017 Financial year			
Opening carrying amount	75,267	1,654	76,921
Purchases/internal generation	16,033	1,040	17,073
Depreciation	–	-656	-656
Closing carrying amount	**91,300**	**2,038**	**93,338**
Per 31 December 2017			
Cost	91,300	6,294	97,594
Accumulated depreciation and impairment		-4,256	-4,256
Carrying amount	**91,300**	**2,038**	**93,338**

(i) Depreciation methods and estimated useful lives

No depreciation has been initiated for the Group's capitalized costs for development work while component development is in progress. Depreciation will commence when the Group enters a commercial phase within each application area.

The Group amortizes patents and trademarks on a straight-line basis with a fixed useful life over the following amortization period:

- Patents and trademarks 5 years

See Note 8 for impairment testing of capitalized development and Note 19(o) for other accounting policies attributable to intangible assets and the Group's impairment policy.

6(c) PUBLIC GRANTS

Within the Group, grants are received primarily from the EU and government authorities for the Group's development of future products. Public grants are recognized at fair value as there is reasonable assurance that the grants will be received, and the Group will meet the conditions associated with the grants.

State aid related to development that is capitalized as an intangible asset is recognized by reducing the carrying amount of the asset by the grant and the grant is recognized in the income statement during the useful life of the depreciable asset in the form of lower depreciation.

6 (d) DEFERRED TAX

(i) Deferred tax assets

Significant estimations

Tax losses: Both SaltX and SaltX Technology (formerly ClimateWell) have tax loss carryforwards. These are adversely affected by limitation rules, mainly group contribution blocks, by the significant ownership changes that occurred in connection with the merger between the companies. Deferred tax assets relating to loss carryforwards or other future tax deductions are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. As the Group does not report positive results, a prudent assessment has meant that these deficits have not been capitalized.

(ii) Deferred tax liabilities

	2017-12-31	2016-12-31	2016-01-01
Recognized amounts refer to temporary differences attributable to:			
Intangible assets (borrowing costs)	87	23	–
Share-based payments (equity-settled)	6	6	–
Total deferred tax liabilities	93	29	–

6 (e) ACCRUED EXPENSES AND PREPAID INCOME, AND PREPAID EXPENSES

	2017-12-31	2016-12-31	2016-01-01
Prepaid expenses	1,506	1,022	890
Accrued personnel-related costs	4,347	2,469	1,183
Advance payments of public grants	608	3,722	5,579
Advance payments from customers	2,200	–	–
Other items	3,480	2,026	1,336
Total	**12,141**	**9,239**	**8,988**

NOTE 7 SHARE CAPITAL AND OTHER CAPITAL CONTRIBUTIONS

The share capital consists of 54,968,553 common stocks with a quota value of SEK 0.08. The shares entitle the holder to one vote. The following is a summary of events that have affected the number of shares, share capital and other contributed capital in the Group.

	No. of shares	Share capital (TSEK)	Other contributed capital (TSEK)	Total (TSEK)
Per 1 january 2016*	**–**	**19,799**	**325,110**	**344,909**
Effect of reverse acquisition	4,010,500	-17,201	43,140	25,939
Issues for non-cash consideration	27,485,140	162	-162	–
New capital issues	13,241,667	819	22,903	23,722
Warrants sold			287	287
Per 31 December 2016	**44,737,307**	**3,579**	**391,278**	**394,857**
Issue for non-cash consideration	14,151	1	–	–
New capital issue	8,950,291	716	97,932	98,648
Issue through warrants	1,266,804	101	–	–
Warrants sold	–	–	1,084	1 084
Per 31 December 2017	**54,968,553**	**4,397**	**490,294**	**494,589**

The parent company issued a total of 10,231,246 shares during the year.

* The share capital of the Group is presented on the basis of the legal subsidiary until the date of the reverse acquisition: Thereafter, the share capital is presented on the basis of the legal parent company. The number of shares at the date of reverse acquisition represents the number of shares in the legal parent company and, in the case of issues for non-cash consideration, the shares that were added in connection with the issue for non-cash consideration in the reverse acquisition.

Name	Due date	Outstanding warrants	No. of potential additional shares	Dilution
TO2	18-10-31	11,432,235	3 030,685	5,50%
TO3	19-06-29	483,000	483,000	0,80%
TO4	20-06-29	415,000	415,000	0,70%
Total			**3 928,685**	

NOTE 8 SIGNIFICANT ESTIMATES AND JUDGMENTS

SaltX makes estimates and assumptions on the future. The estimates for accounting purposes that result from this will, by definition, seldom equal the actual results. Management also makes certain judgments in applying the Group's accounting policies.

This note provides an overview of the areas that often imply a higher degree of complexity in assessments and over items where an adjustment due to incorrect estimates and assessments may in many cases be material.

8(a) SIGNIFICANT ESTIMATES AND JUDGMENTS FOR ACCOUNTING PURPOSES

The estimates and assumptions that entail a 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. 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. Im-

portant factors for calculating these future values are volume growth, profit margin and discount rate. If assumptions about these change, impairment may be applicable.

- Long-term receivables: In 2015, the Group sold license rights for an application with SaltX technology within solar collectors for the Chinese market to a former subsidiary, which in turn licensed rights to a partner in China. The sale is partly paid but there is still an interest-bearing receivable that, according to the agreement, will be amortized in line with the payment of royalties for the licenses by the Chinese partner. The partner has been granted credit with these payments up to the fourth quarter of 2018 to facilitate the capital requirements of the new business operations. A valuation of this item is based on estimates and forecasts of future market development. The claim has ceased to exist in connection with the merger in January 2018. See also Note 9(a) (i) Risk management.
- Long-term liabilities at year-end totaled TSEK 31,093 and consisted of loans from the Swedish Energy Agency of TSEK 25,000 and Almi Företagspartner of TSEK 6,000, as well as deferred tax liability. In regard to loans from the Swedish Energy Agency, the Company's assessment is that amortization will commence in 2019, depending on the date when the Company fulfilled the criteria for commercialization. A follow-up of the final report for the project is being carried out by the agency. The matter concerns potential early repayment of the loan due to possible violations of loan terms in connection with the transfer of assets to SunCool AB, a company which is now merged with SaltX. The Company assesses the risk of early repayment as low.
- Tax losses: SaltX Technology Holding and SaltX Technology together have tax deficits of approx. MSEK 242 from previous years, but the majority of these (approximately MSEK 220) are affected by a group contribution block between the companies. Deferred tax assets relating to loss carryforwards or other future tax deductions are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. As the Group does not report positive results, a prudent assessment has meant that these deficits have not been capitalized.
- In 2017, revenues were reported amounting to TSEK 1,149 attributable to IP rights. A quarter of the payment for the license is invoiced in connection with the signing of the agreement while the remaining three payments are expected to occur in 2018 and 2019 in connection with the ordering of components. The Group has made the assessment that the price of the sale of the license is entirely independent of the obligation to also order components from the licensee.

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.

Risk	Exposure arises from	Valuation	Management
Credit risk	Cash and cash equivalents, accounts receivable and other long-term receivables as well as accrued income	Age analysis, Credit rating	Diversification of bank balances and credit limits
Liquidity risk	Borrowing and other liabilities	Rolling cash flow forecasts	Access to binding credit commitments and credits
Market risk - interest rate risk	Borrowing in the Group is made at fixed interest rates, so there is no significant interest rate risk	–	–
Market risk - currency risk	The Group has no significant currency risk as no significant transactions, assets or liabilities are in foreign currencies. Furthermore, nor does the Group have any foreign subsidiaries	–	–

NOTE 9 FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks may affect the Group's future financial results. The results data of the current period have been included, where applicable, to provide additional information in the context.

The Group's risk management is managed by group management in accordance with policies established by the Board. Group management identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

9(a) CREDIT RISK

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and customer credit exposure including outstanding receivables.

(i) Risk management

Credit risk is managed by Group management. Only banks and financial institutions that have been rated at least an 'A' by independent assessors are accepted.

If customers have been independently rated, these ratings are used. If no independent credit rating exists, a risk evaluation will be made of the customer's creditworthiness where financial position, past experience and other factors are taken into consideration. Individual risk limits are set based on internal or external credit ratings in accordance with the limits set by the Board. Compliance with credit limits on receivables is regularly monitored by Group management.

Accounts receivable constituting financial assets in the Group consist of trade accounts receivable, accrued income and other long-term receivables.

Other long-term receivables consist of lending to SunCool AB, which has been deemed to constitute a loan. In 2015, the Group sold license rights for an application with SaltX technology within solar collectors for the Chinese market to a former subsidiary, which in turn licensed rights to a partner in China. The sale is partly paid but there is still an interest-bearing receivable that, according to the agreement, will be amortized in line with the payment of royalties for the licenses by the Chinese partner. The partner has been granted credit with these payments up to the fourth quarter of 2018 in order to facilitate the capital requirements of the new business operations. A valuation of this item is based on estimates and forecasts of future market development. Creditworthiness and credit risk are followed up closely by Group management. As of 2017-12-31, the assessment is that there is no impairment requirement in respect to the loan. The claim has ceased to exist in connection with the merger in January 2018.

(ii) Collateral

For certain financial receivables, the Group may obtain collateral in the form of guarantees or other written commitments from companies that may be claimed if the counterparty is overdue with payment under the terms of the agreement.

(iii) Impairment of trade accounts receivable and other receivables

Individually assessed trade accounts receivable deemed to be non-recoverable are written off by directly reducing the recognized amount. Accounts receivable, accrued income and loan receivables in relation to SunCool AB are assessed on an ongoing basis to determine whether there is objective evidence of impairment requirements. Objective evidence of impairment requirements includes indications that:

- A debtor has significant financial difficulties
- Payments have not been made or are delayed (more than 30 days) or
- It is likely that the debtor will be made bankrupt or undergo other financial reconstruction.

Receivables for which an impairment re-

serve has previously been recognized are written off against the reserve when the Group is no longer expected to recover cash equivalents.

Impairment losses are recognized in the income statement under other external expenses. If the impairment requirement decreases in a subsequent period, the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

The Group has no individually assessed receivables where impairment is required as of 2017-12-31 or the comparative periods. As at 31 December 2017, satisfactory accounts receivable amounted to TSEK 4,315 (2016-12-31: TSEK 244, 2016-01-01: TSEK 1,290) in the Group. Furthermore, the Group has assessed that there is no impairment loss in the Group's accrued income.

(iv) Overdue but not impaired receivables

As at 31 December 2017, trade accounts receivable amounted to TSEK 109 (2016-12-31: TSEK 198; 2016-01-01: TSEK 900) overdue but without any impairment being deemed necessary. These relate to customers who have not previously had any payment difficulties. Other than these, there are no overdue receivables in the Group. The age analysis of overdue trade account receivable is presented below:

	2017-12-31	2016-12-31	2016-01-01
Less than 3 months	–	198	399
3 to 6 months	100	–	501

Other categories of trade accounts receivable and other receivables do not contain any assets for which impairment is required. Based on credit history, the amounts are expected to be received by the due date.

9(b) LIQUIDITY RISK

By means of prudent liquidity management, the Group ensures that it has sufficient funds to meet the needs of current operations. At the same time, it is ensured that the Group has sufficient liquid funds so that payment of liabilities can made when they fall due.

Group management follows rolling forecasts for the Group's liquid funds based on expected cash flows.

(i) Maturity analysis for financial liabilities

The table below shows an analysis of the Group's financial liabilities broken down by the time at the balance sheet date that is left until the contractual maturity date for non-derivative financial liabilities.

Contractual maturities for financial liabilities	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Recognized value receivables /liabilities
As per 31 December 2017							
Financial liabilities							
Other long-term liabilities	180	180	14,526	18,340	2,323	35,549	31,000
Trade accounts payable	4,163					4,163	4,163
Total financial liabilities	**4,343**	**180**	**14,526**	**18,340**	**2,323**	**39,712**	**39,163**
As per 31 December 2016							
Financial liabilities							
Other long-term liabilities	120	120	4,816	25,993	2,145	33,194	29,000
Trade accounts payable	2,253					2,253	2,253
Total financial liabilities	**2,373**	**120**	**4,816**	**25,993**	**2,145**	**35,447**	**31,253**
As at 1 January 2016							
Financial liabilities							
Other long-term liabilities				12,466	15,538	28,004	25,000
Trade accounts payable	1,620					1,620	1,620
Other current liabilities	747					747	747
Total financial liabilities	**2,367**	**0**	**0**	**12,466**	**15,538**	**30,371**	**27,367**

The amounts stated in the table are the instrument's contractual, undiscounted cash flows. The amounts due within 12 months of the balance sheet date correspond to the carrying amount of the items since the discount effect is insignificant. The repayment dates for the National Energy Agency loan are determined based on assessment of when the components will generate revenues. The loan from Almi Företagspartner will start to be amortized in March 2020.

NOTE 10 MANAGEMENT OF CAPITAL

The Group's goal for capital structure is to secure the Group's ability to continue its operations so that it can provide generate returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to keep capital costs down.

The Group assesses the capital based on the debt/equity ratio. This key ratio is calculated as net liabilities divided by total capital. Net liabilities are calculated as total borrowing (including the item other long-term liabilities in the consolidated balance sheet) less cash and cash equivalents. Total equity is calculated as net liabilities plus equity.

	2017-12-31	2016-12-31	2016-01-01
Total borrowing (Note 9)	31,000	29,000	25,000
Less: cash equivalents	-71,837	-18,812	-5,513
Net liabilities	-40,837	10,188	19,487
Total equity	161,372	88,381	72,162
Debt/equity ratio	not avail.	12%	27%

COMPOSITION OF THE GROUP

This part of the notes is intended to provide information that helps the reader to understand how the composition of the Group affects the Group's position and results.

NOTE 11 REVERSE ACQUISITION

At the AGM on 7 April 2016, the shareholders of SaltX Technology Holding AB ("SaltX") decided to issue new shares in SaltX in exchange for the contribution in kind in SaltX Technology AB (formerly ClimateWell AB). The issue for non-cash consideration was registered on 2 May 2016, which resulted in the shareholders of SaltX Technology gaining control over SaltX. In accordance with IFRS, the transaction between SaltX and SaltX Technology constitutes a reverse acquisition. A reverse acquisition means that the legal acquirer, i.e. the unit that issues the security, SaltX, becomes the acquired company. SaltX Technology is thereby considered to be the acquirer in accounting terms while SaltX is considered the acquired company.

Purchase price transferred

The purchase price is determined based on the value of SaltX prior to the capital issue. This value amounted to TSEK 25 939 (7 010 500 shares at a nominal value of SEK 3.70, which was the share price on 2 May 2016), which is the purchase price of the net assets of SaltX.

In view of that SaltX did not carry on any operations, the difference between net assets acquired and the purchase price is viewed as a capital issue cost and recognized in the income statement under other operating costs.

Identified acquired assets and liabilities taken over (SaltX) are, TSEK	
Receivables	9,006
Cash and bank balances	1,986
Current liabilities and accrued expenses	-191
Acquired net assets	**10,801**

In the estimation of the Company's management, the fair value of acquired assets and liabilities taken over is equivalent to their book value.

Cost of reverse acquisition, TSEK	
Purchase price	25,939
Fair value of acquired net assets	-10,801
Cost of reverse acquisition	**15,138**

No costs have been related to the acquisition, costs are related instead in their entirety to issue costs. As per 31 September 2017, 709 shares were not yet subscribed for which is

why a liability of TSEK 29 has been recognized related to the ongoing exercise process.

NOTE 12 PARTICIPATIONS IN SUBSIDIARIES

12 (a) SIGNIFICANT SUBSIDIARIES

The Group's subsidiaries as of 31 December 2017 are listed below. Unless otherwise indicated, they have a share capital consisting solely of common stock held directly by the Group, and the participating interest is the same as the share of voting power.

	Registered office and place of business	Participating interest held by the Group 2017	2016
SaltX Technology AB (formerly ClimateWell AB) 556362-7131	Stockholm	100%	100%

UNRECOGNIZED ITEMS

This part of the notes contains information about items not recognized in the financial statements as they do not meet the accounting criteria.

NOTE 13 COMMITMENTS RELATING TO OPERATING LEASES

The Group leases premises, IT equipment including services, and company vehicles.

	2017	2016
The future aggregate minimum lease payments for non-cancellable operating leases are as follows:		
Less than 1 year	2,444	1,719
Between 1 and 5 years	7,977	7,026
Over 5 years	1,123	2,500
	11,544	**11,245**
Expensed lease payments for the period	1,883	1,451

NOTE 14 EVENTS AFTER THE END OF THE REPORTING PERIOD

Merger of SunCool AB

The merger of SunCool was completed in January 2018 and from that date SunCool's operations are part of SaltX. The transaction constituted an asset acquisition, where the largest asset was intangible assets valued at MSEK 43.8. These SunCool rights in China, which were sold to SunCool in 2015, are thus back in SaltX again. The remaining balance between SunCool and SaltX ceases to exist. SunCool has 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.

Tax consequences: The merger results in the loss of previous years' tax losses in SunCool and that a merger block arises. The merger block essentially means that tax losses in SaltX Technology Holding (and any remaining losses in SunCool) until and including 2017 cannot be utilized, neither by SaltX Technology Holding or in relation to Group contributions from SaltX Technology. The block applies up to and including 2023.

OHER INFORMATION

This part of the notes contains the information required by the regulations, but which is not directly linked to specific items in the financial statements.

NOTE 15 INFORMATION ABOUT AFFILIATES

15(a) PARENT COMPANY

SaltX Technology Holding AB (publ) is the parent company of the Group.

15(b) SUBSIDIARIES

Participations in subsidiaries are reported in Note 12.

15(c) REMUNERATIONS TO SENIOR MANAGEMENT

	2017	2016
Salaries and other short-term benefits	5,391	4,734
	5,391	**4,734**

Guidelines

TThe Chairman of the Board of Directors and other Board members receive fees in accordance with the decision of the AGM. The AGM has decided on the following guidelines regarding remuneration for senior management.

Remuneration to the CEO and other senior executives consists of basic salary, variable remuneration, other benefits, pension and financial instruments, etc. Other senior executives refer to the 5 persons who, together with the CEO, constitute Group management.

The breakdown between basic salary and variable remuneration shall be in relation to the person's responsibilities and competence. For the CEO, the variable remuneration is maximized to 35% of basic salary. For other senior executives, the variable remuneration is maximized to 17–50% of basic salary. Variable remuneration is based on the outcome in relation to individual targets set.

Severance pay

A mutual six (6) month period of notice applies between SaltX and the CEO.

In the event of the employer terminating the employment, a severance payment corresponding to six (6) monthly salaries will also be paid in addition to the above.

A mutual six (6) month period of notice applies between SaltX and the Deputy CEO or LAS if this is longer than the agreement.

A mutual three (3) month period of notice applies between SaltX and other senior management executives, or in accordance with LAS. The Company has not entered into any agreements on severance pay or similar benefits with other senior management executives. See the table below.

Remuneration and other benefits 2017	Basic salary/ directors' fees	Variable remuneration	Pension costs	Total
Åke Sund, Chairman of the Board (fee is invoiced via a company)	350			350
Olle Nordström, Board member	117			117
Tommy Nilsson, Board member	117			117
Juan Hernandez Zayas, Board member	117			117
Indra Åsander, Board member	83			83
Elin Lydahl, Board member	83			83
Lennart Rolfsman, Board member (fee is invoiced via a company)	33			33
CEO	1,313	315	149	1,777
Deputy CEO	1,407	252	514	2,173
Other senior executives (4 persons of whom one person invoices fees via a company)	1,822	283	386	2,491
Total	**5,442**	**850**	**1,049**	**7,341**

Remuneration and other benefits in 2016	Basic salary/ directors' fees	Variable remuneration	Pension costs	Total
Åke Sund, Chairman of the Board (fee is invoiced via a company)	300			300
Olle Nordström, Board member	67			67
Tommy Nilsson, Board member	67			67
Juan Hernandez Zayas, Board member	67			67
Lennart Rolfsman, Board member (fee is invoiced via a company)	100			100
CEO	1,218	280	137	1,635
Deputy CEO	1,437	255	447	2,139
Other senior executives (3 persons of whom one person invoices fees via a company)	1,469	75	266	1,810
Total	**4,725**	**610**	**850**	**6,185**

15(d) TRANSACTIONS WITH AFFILIATES

The following transactions have taken place with affiliates:

	2017	2016
Purchases of goods and services		
Sales to affiliates, SunCool AB	899	1 353
Financial income from affiliates:		
SunCool AB	1,760	1 620
Purchase of services from Post Agency Stockholm AB	285	345

Purchases of goods and services from companies controlled by or affiliates of senior management executives (i)

(i) Purchases from companies controlled by or affiliates of senior management executives

The Company has purchased the following goods and services from companies controlled by or affiliates of senior management executives: Post Agency Stockholm AB is a company owned and operated by Göran Bolin's son, Viktor Bolin. Göran Bolin is the founder and CTO of SaltX. SaltX has purchased design and advertising services from Post Agency for a total of MSEK 1.1 since 2015. Purchases have been made on market conditions.

15(e) OUTSTANDING BALANCES REGARDING SALES/PURCHASES OF GOODS AND SERVICES

The following transactions with affiliates are outstanding at the balance sheet date:

	2017-12-31	2016-12-31	2016-01-01
Receivables from affiliates: SunCool AB	31,215	28,455	27,120

The two largest shareholders of SaltX, Industrifonden and Skirner AB, were also the largest shareholders of SunCool AB. SunCool AB was merged with SaltX in January 2018, in connection with which all outstanding balances were eliminated.

15 (f) LOANS TO AFFILIATES

	2017	2016
Loan to SunCool AB		
At beginning of year	28,455	27,120
Loan	1,000	–
Interest income	1,760	1,335
At year-end	31,215	28,455

The Group has not made any provision for bad debts relating to affiliates. The Group has also not reported any expenses regarding bad debts relating to affiliates during the period.

15(g) CONDITIONS

Lending to SunCool AB:
SaltX Technology (formerly ClimateWell), a subsidiary of SaltX, sought a partner in China in the 2014/2015 financial year to market and manufacture its SunCool concept in the very important Chinese market for thermal solar collectors. The intention was to do this through an independent company. In July 2015, a cooperation with Zhong Fa Zhan Holdings Ltd. ("ZFZ") was initiated to the marketing, sales and manufacture of SunCool products in China. In 2015, SunCool acquired intellectual property rights for China regarding the SunCool technology from SaltX Technology to exploit these in the Chinese market. The purchase price for the rights amounted to MSEK 33m, of which MSEK 6 was paid in cash. The remaining MSEK 27 was paid through a promissory note that runs until further notice at 6% interest rate over and above the Riksbank's reference rate. Amortization is made by SunCool paying 50 per cent of the license fees received, the royalties, to SaltX Technology. When the loan has been paid, SunCool will continue to pay 50 per cent of the royalties received to SaltX Technology.

In January 2018, SunCool AB merged with SaltX, whereupon all outstanding balances were eliminated

NOTE 16 SHARE-BASED BENEFITS

16(a) WARRANT PROGRAMS

Below is a summary of warrant programs that exist/existed in the Group during some of the periods covered by the 2017 annual accounts.

CW 2012TO2:

The Annual General Meeting of SaltX Technology AB (formerly Climate-Well AB) decided on 20 June 2012 to introduce a share warrant program of 166,500,000 warrants which were assigned to three senior executives. With full exercise of the warrants, the Company's share capital would increase by a maximum of SEK 1,665,000 through the issue of a maximum of 166,500,000 shares. Fair value was set at SEK 0.0081 per warrant based on a valuation prepared according to the Black & Scholes valuation model. The warrants were assigned at the estimated market value. The subscription price was SEK 0.06 per share, equivalent to SEK 4.32 per share in SaltX Technology Holding. Subscription of 75 million shares through exercise of these warrants was carried out until 20 July 2016. These shares were then converted into 1,041,667 shares in SaltX Technology Holding. The remaining warrants expired without value.

CW 2012P/T:

In 2012, SaltX Technology (formerly ClimateWell) made employee stock options available to all employees in the company free of charge. The employee stock option granted the holder the right to acquire a share warrant for the sum of SEK 0.05 for each employee stock option in the event of the listing or sale of the Company. The issued employee stock options will expire on 31 August 2022, if no listing or sale occurs before. The subscription price to subscribe for one share per warrant was SEK 0.05. During the spring of 2016, a reverse acquisition was carried out, whereby the company was acquired through an issue for non-cash consideration. By fulfilling the performance condition, employees had the right to acquire a share warrant in the Company at a price of SEK 0.05.

In connection with the allocation of the employee-stock options in July 2012, a valuation of the fair value according to Black & Scholes was made to the warrants issued. As the warrant program is based on a performance condition, the cost of the share-based payment has only been reported when it was probable that the performance condition would be met. It has been estimated that the performance condition would probably first be met in close connection to the decision on the reverse acquisition, that is in Q2 2016. The valuation from the allocation date in July 2012 to share-based benefits has thus been included in financial statements during Q2 2016.

However, it was decided at the 2016 AGM of SaltX Technology Holding that the existing CW2012P/T program would be replaced by a new warrant program that gives the right to subscribe for shares in Holding, see below under TO3. All employees agreed to exchange their rights under CW2012P/T for warrants in SaltX (TO3).

TO3

The AGM in April 2016 decided to issue 1.5 million share warrants to be offered

Allocation date	Maturity date	Strike price	Share warrants 2017-12-31	Share warrants 2016-12-31	Share warrants 2016-01-01
CW 2012TO2 1)	16-07-20	0.06 (4.32)	–	–	2,312,500
CW 2012P/T 1)	22-08-31	0.05 (3.60)	–	–	378,472
TO3, September–October 2016	19-06-29	4.72	483,000	483,000	–
TO4, September–December 2017	20-06-29	48.80	415,000	–	–
Total			898,000	483,000	2,690,972
Remaining weighted average contract time for outstanding warrants at the end of the period			2.0 years	2.5 years	

1) *The strike price is stated both originally and what it corresponded to in SaltX. The number of warrants is stated in the equivalent number of shares in SaltX.*

"Outstanding warrants" refers to warrants acquired by external parties.

to senior management and all employees in the Company, partly to replace existing programs in ClimateWell. Of these options, employees have acquired 483,000 warrants at market value. 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. With full exercise of the warrants, the Company will receive MSEK 7.5. These shares correspond to a potential dilution of 2.7 per cent.

TO4

The 2017 Annual General Meeting decided to issue 750,000 warrants which were offered to management and other staff, primarily new employees, in the Group. One option equates to one (1) share, the subscription period is in June 2020, and the strike price is set on the day of issue as 150 per cent of the applicable share price. These shares correspond to a dilution of 1.3 per cent. As per 31 December, 415,000 warrants had been acquired at market price by employees.

Outstanding share warrants at year-end have the following expiry dates and exercise prices:

(i) Fair value of outstanding warrants

The estimated fair value on the allocation date for warrants assigned in 2017 amounted to SEK 1.37—3.15 per warrant depending on the allocation date (and thus the prevailing share price) (2016: SEK 1.64 per warrant). The fair value on the allocation date is calculated using Black & Scholes. This includes a Monte Carlo simulation model that takes the strike price, term of the warrant, dilution effect (if material), share price on assignment date and expected volatility in share price, expected dividend yield, risk-free interest rate for term of the warrant and correlation and volatility for a group of comparison companies.

Input data in the model of warrants granted during 2017 and 2016 were:

	2017 TO4	2016 TO3
(a) payment	Fair value has been made[1)]	
(b) qualifying conditions:	None qualifying conditions	None qualifying conditions
(c) strike price (premium) /warrant:	1.37 – 3.15	1.64
(d) assignment date: 2)	2017-10--12	2016-09--10
e) maturity date:	20-06-29	19-06-29
(f) share price on the date of assignment:	27.0 – 32.6	5.9
(g) expected volatility in the Company's share price:	35%	35%
The expected volatility in the stock price is based on the historical volatility (based on the remaining term of the warrant), adjusted for the expected changes in future volatility as a result of available public information.		
(h) expected dividend yield:	–	–
(i) risk-free interest rate:	-0.4%	-0.63%
(j) dilution:	1.35%	11.0%
(k) strike price:	48.80	4.72

The strike price for TO3 is adjusted for the issue in May 2017.

1) Of these options, 158,000, which relate to the replacement of CW2012P/T, and 150,000 others, were assigned free of charge and 175,000 were assigned at fair value

2) As regards T04, allocations have continued in 2018

16(b) COSTS FOR SHARE-RELATED COMPENSATION

The total cost of share-based benefits during the period and which was recognized as part of personnel costs amounted to:

	2017	2016
Employee warrant program	–	233
	–	233

NOTE 17 EARNINGS PER SHARE

17(a) EARNINGS PER SHARE BEFORE DILUTION

Equity attributable to Parent Company shareholders:

	2017 SEK	2016 SEK
Total earnings per share before dilution attributable to parent company shareholders	-0.53	-0.88

17(b) EARNINGS PER SHARE AFTER DILUTION

Equity attributable to Parent Company shareholders:

	2017 SEK	2016 SEK
Total earnings per share after dilution attributable to parent company shareholders	-0.53	-0.88

17(c) INCOME MEASURES USED IN THE CALCULATION OF EARNINGS PER SHARE

	2017 (TSEK)	2016 (TSEK)
Earnings per share before dilution		
Attributable to parent company shareholders:	-26,843	-34,208
Earnings per share after dilution		
Earnings attributable to parent company shareholders:	-26,843	-34,208

17(d) WEIGHTED AVERAGE NUMBER OF COMMON STOCKS

	2017 Number	2016 Number
Weighted average number of common stock in connection with calculation of earnings per share before dilution	50,390,295	38,978,014
Adjusted for calculation of earnings per share after dilution:		
Warrants	3,928,349	4,022,490
Weighted average number of common stock and potential common stocks used as denominator in calculating earnings per share after dilution	54,318,644	43,000,504

No effect due to dilution as the result is negative.

NOTE 18 PLEDGED ASSETS

	2017-12-31	2016-12-31	2016-01-01
Chattel mortgages	8,050	8,050	600
Total pledged assets	**8,050**	**8,050**	**600**

NOTE 19 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The note contains a list of the essential accounting policies applied when the consolidated financial statements have been prepared, insofar as they have not already been mentioned in previous notes. These policies have been consistently applied to all years presented, unless otherwise stated. The consolidated financial statements cover the legal parent company, SaltX Technology Holding AB (publ), and its subsidiaries.

19(a) BASIS FOR PREPARATION OF THE REPORTING

(i) Compliance with IFRS

The consolidated financial statements for SaltX Technology Holding AB have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary accounting regulations for groups, International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU.

These consolidated financial statements are SaltX Technology Holding AB's first consolidated financial statements that are prepared in accordance with IFRS. Historical financial information has been recalculated from 1 January 2016, which is the date of transition to IFRS accounting. Explanations of the transition from previously applied accounting policies to IFRS and the effects of the translation on the income statement and shareholders' equity are disclosed in Note 20.

(ii) Acquisition cost method

The consolidated financial statements have been prepared using the acquisition cost method.

(iii) New and changed standards not yet applied by the Company

A number of new standards and interpretations come into force for financial years that begin after

1 January 2018 and have not been applied in the preparation of this financial report. A preliminary assessment of the impact of the standards that are considered relevant for the Group is given below:

IFRS 9 "Financial Instruments" concerns the classification, valuation and reporting of financial assets and liabilities and introduces new rules for hedge accounting. The full version of IFRS 9 was published in July 2014. It replaces the parts of IAS 39 that deal with the classification and valuation of financial instruments and introduces a new impairment model. The standard has been adopted by the EU.

IFRS 9 will be applied by the Group for the financial year beginning 1 January 2018. The Group will not calculate comparative figures for the 2017 financial year, in accordance with the transitional rules of the standard.

During autumn 2017, in connection with the transition to IFRS, analyzes were conducted regarding the classification and valuation of the Group's financial instruments. Following analysis, it has been found that the new classification and valuation rules will not significantly affect the Group's financial position at the transition date as the regulations will not change the valuation of the financial instruments included in the consolidated balance sheet at this time.

IFRS 9 introduces a new impairment model based on expected credit losses, which takes forward-looking information. Historically, the Group has low credit losses on trade accounts receivable and other receivables, which means that credit losses based on remaining term to maturity are also very low in SaltX. Hence, impairment testing of trade accounts receivable and other receivables in connection with transition to IFRS 9 is not expected to have any significant effect.

Hedge accounting is not applied at present and will therefore not affect the Group's financial position.

A project is underway to analyze what additional information may be required to fulfil the disclosure requirements in the revised IFRS 7.

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.

IFRS 15 will be applied by the Group for the financial year beginning 1 January 2018. The Group has chosen to apply the standard retrospectively, to also report the comparative year 2017 in accordance with IFRS 15.

In autumn 2017, in connection with the transition to IFRS, the analysis and evaluation of effects of the implementation of IFRS 15 have been completed. Based on the potential differences between the current applied accounting principles and IFRS 15, which have emerged during the analysis, follow-up and analyzes of the Group's contracts with customers have been carried out. Evaluation and analysis have been done by mapping and analyzing the significant customer contracts in the Group. The various performance commitments in these contracts have been identified and analyzed using the five-step model in IFRS 15.

The final assessment after carrying out the evaluation and analysis of the Group's contracts with customers is that the introduction of IFRS 15 will not have a material impact on the Group's income statement when transitioning to IFRS 15, neither in equity as of 2017-01-01 or in earnings for the 2017 financial year.

A project is underway to analyze what additional information may be required to comply with disclosure requirements in IFRS 15 to be presented in the 2018 Annual Report.

IFRS 16 Leases. In January 2016, the IASB published a new leasing standard that will replace IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities relating to all lease agreements, with some exceptions, are recognized in the balance sheet. This recognition is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time an obligation to pay for that right. The recognition for the lessor will essentially remain unchanged. The standard will apply for financial years beginning 1 January 2019 or later. Earlier application is permitted, and the standard has been adopted by the EU. The standard will primarily affect the accounting of the Group's operating leases. At the end of the reporting period, the Group's non-cancellable operating leases amounted to TSEK 11,544, see Note 13 for further information.

The Group has not yet evaluated the impact of the introduction of the standard.

No other IFRS or IFRIC interpretations that have not yet entered into force are expected to have a significant impact on the Group.

19(b) CONSOLIDATED FINANCIAL STATEMENTS

(i) Subsidiaries

Subsidiaries are all companies over which the Group exercises control. The Group controls a company when it is exposed to or has rights to variable returns from its holdings in the company and has the ability to affect the return, through its influence in the company. Subsidiaries are included in the consolidated financial statements as from the date on which the controlling influence is transferred to the Group. Subsidiaries are excluded from the consolidated financial statements as from the date on which the controlling influence ceases.

Intra-group transactions and balance sheet items, as well as unrealized gains and losses on intra-Group transactions, are eliminated. Intra-group losses can be an indication of impairment which must be included in the consolidated financial statements. Where applicable, the accounting policies for subsidiaries have been amended to guarantee the consistent application of the Group's policies.

19(c) SEGMENTS REPORTING

For SaltX, the chief executive decision-maker is the Chief Executive Officer (CEO) as it is primarily this person who is responsible for allocating resources and evaluating results. When assessing whether there is more than one operating segment in SaltX, the following has been decisive:

- The same technology forms the basis for development activities in SaltX, so that only one business activity is carried on within the Group.
- Operating profit/loss is not the basis for resource allocation and decision-making at a lower level than overall for the Group.

In view of the above, the assessment is that SaltX conducts a joint development business within the Group and thus has a business segment that constitutes the Group as a whole.

19(d) TRANSLATIONS OF FOREIGN CURRENCIES

(i) Functional currency and reporting currency

Items included in the financial statements for the various Group entities are recognized in the currency of the primary economic environment in which each entity primarily operates (functional currency). Swedish kronor (SEK), which is the parent company's functional currency and the Group's reporting currency, is used in the

consolidated financial statements.

(ii) Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency at the exchange rates that apply on the date of the transaction or on the date when the items were re-measured. Exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate of exchange, are recognized in the income statement.

Exchange gains and losses related to loans and cash equivalents are recognized in the income statement as financial income or expenses. All other exchange gains and losses are reported in the item Other gains/losses – net in the income statement.

19(e) REVENUE RECOGNITION

Revenue is valued at the fair value of the consideration received or receivable and represents the amounts receivable for goods sold less discounts, returns and value added tax.

The Group recognizes revenue when the amount can be measured reliably, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Group's business operations as described below.

The specific accounting policies for the Group's main revenues are explained in Note 2(a).

Sales of services – Consultancy services

Time of recognition: Sales of consultancy services are on a current account basis. For service assignments on a current account basis, the revenue attributable to a completed service assignment is recognized as income in line with the completion of the work and the delivery or use of the material.

Sales of management services

Time of recognition: Sales of management services have occurred in 2016 and consist of an indefinite number of activities. Revenue from the sale of management services is recognized in line with the work performed.

Licensing

Licensing refers to a customer's right to an intellectual property right in the form of the SaltX technology. The license applies to a specific market and/or for the manufacture of a limited number of components. The license is sold together with consulting services.

Revenue recognition is initially based on an assessment of whether the agreement with the counterparty concerning one of SaltX's intangible assets means that the license received by the counterparty in the agreement has been divested from an accounting perspective (i.e. as a sold license where the counterparty utilizes the asset). The assessment is based on the criteria for the sale of a product (according to the income standard IAS 18):

- The company has transferred to the buyer the significant risks and benefits associated with the ownership of the goods.
- The company does not retain any such commitment in the ongoing management that is usually associated with ownership and the company does not exercise any real control over the goods sold.
- The revenue can be reliably measured.
- It is probable that the economic benefits associated with the transaction will devolve to the company.
- Expenses incurred or expected to arise of the transaction can be calculated reliably.

If these criteria are met, the assessment is made that the economic significance of the agreement entails a divestment of the underlying asset. If the criteria are not met, the asset has not been divested.

Payments received from the conclusion of a licensing agreement are recognized when the agreement is entered into if there are no reservations in the agreement with the counterparty, and it is deemed in accordance with the above that the license is sold in the same way as a product. If any criterion for revenue recognition in the form of a product is not fulfilled, the revenue recognition will be deferred until all the above criteria are met. Any additional remuneration is recognized as revenue when it is possible to measure this additional revenue reliably.

Payments received in the form of non-recurring payments and which relate to obligations in the agreement that SaltX has not yet performed, are accrued over the term of the agreement under which SaltX fulfils the obligations. If the remuneration relates to services, income is reported in line with the performance of the work.

Development work

Time of recognition: Industry associations whose purpose is to accelerate the development of more environmentally friendly products within the Group's area contribute to the Group's development of SaltX technology for it to be used in products that will be sold commercially. These services consist of fixed-price contracts and revenues are recognized based on the completion rate at the end of the reporting period. The completion rate is determined based on the services performed at the end of the reporting period in proportion to what is to be done in total (percentage of completion method).

Valuation of revenue: Estimates of revenue, costs or degree of completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or expenses are reflected in the income statement during the period when the circumstances giving rise to the revision have become known to the management.

Contracts related to development cooperation relate to contracts where the Group and the counterparty/counterparties jointly share the results of the project. In the projects in progress, the results of the cooperation are also available to the public.

19(f) PUBLIC GRANTS

Public grants are recognized at fair value when there is reasonable assurance that the grants will be received, and the Group will meet the conditions associated with the grants. The Group's recognition of public grants is explained in more detail in Note 6(c). During the 2016 financial year, public grants were made to projects that have not been capitalized (e.g. EU LIFE), in connection with which grants were recognized as other income, and in 2017, grants were primarily attributable to intangible assets.

19(g) CURRENT AND DEFERRED TAX

The tax expense for the period comprises current tax calculated on the taxable profit for the period according to current tax rates. The current tax expense is adjusted by changes in deferred tax assets and liabilities relating to temporary differences and unutilized losses.

The current tax expense is calculated based on the tax regulations that on the balance sheet date have been enacted or substantively enacted in the countries in which the parent company and its subsidiaries operate and generate taxable income. Management regularly evaluates the claims made in self-assessment tax returns to situations where applicable tax rules are subject to interpretation. When deemed appropriate, provisions are made for amounts likely to be paid to the tax authorities.

Deferred tax is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liability, however, is not recognized if it arises as a result of the initial recognition of goodwill. Deferred tax is also not recognized if it arises as a result of a transaction that constitutes the initial recognition of an asset or liability that is not a business combination and which, at the time of the transaction, does not affect reported or taxable income. Deferred income tax is calculated using tax rates (and tax laws) that have been decided or notified at the balance sheet date and are expected to apply when the deferred tax asset concerned is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that future taxable profits are likely to be available against which the temporary differences can be utilized.

Deferred taxes relating to temporary differences to holdings in subsidiaries are recognized only to the extent that the parent company can control the timing of reversal of the temporary differences and that it is likely that such a reversal will not occur within the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legal right of offset for the tax assets and liabilities in question, the deferred tax assets and tax liabilities relate to taxes charged by the same tax authority and refer to either the same tax subject or a different tax subject and there is an intention to settle the balances through net payments.

Current and deferred tax is recognized in the income statement, except when the tax refers to items recognized in other comprehensive income or directly in equity. In such cases, the tax is also reported in other comprehensive income and equity.

19(h) LEASING

Leasing where a significant part of the risks and benefits of ownership is retained by the lessor is classified as operational leasing (Note 13). Payments made during the lease term (after deduction of any incentives from the lessor) are expensed in the income statement on a straight-line basis over the lease term.

19(i) REVERSE ACQUISITION

At the AGM on 7 April 2016, the shareholders of SaltX decided to issue 27,500,000 shares in SaltX in exchange for the contribution in kind, shares in SaltX Technology AB (formerly ClimateWell AB). The issue for non-cash consideration was registered on 2 May 2016, which resulted in the shareholders of the Company gaining control of SaltX Technology. In accordance with IFRS, the transaction between the company and SaltX Technology is a reverse acquisition. A reverse acquisition is an acquisition where the legal acquirer, (i.e. the unit that issues the security, SaltX,) becomes the acquired company. SaltX Technology is thereby considered to be the acquirer in accounting terms while SaltX is considered to be the acquired company in the consolidated financial statements. However, all information related to the parent company in this annual report is information about the legal parent company SaltX. For further information about the reverse acquisition, see Note 11.

19(j) IMPAIRMENTS OF NON-FINANCIAL ASSETS

Intangible assets not ready for use (capitalized expenditure for development work), are not amortized but are tested annually, or upon indication of fall in value, to any amortization requirement. Assets that are amortized are assessed for impairment whenever events or changes in circumstances indicate that the carrying value might not be recoverable. An impairment is made for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and value in use. When assessing impairment requirement, assets are grouped at the lowest levels for which there are significant independent cash flows (cash generating units). For assets (other than goodwill) which have previously been written down on each balance sheet date, an examination is carried out as to whether a possible reversal is justified.

19(k) FINANCIAL ASSETS

(i) Classification

The Group classifies its financial assets in the following categories:

- loans receivable and trade accounts receivable

The classification depends on the purpose of the acquisition of the financial asset. Management determines the classification of investments on the first reporting date. See Note 5 for information on each type of financial asset.

(ii) Recognition and derecognition from the balance sheet

Purchases and sales of financial assets are reported on the trade date, the date when the Group undertakes to buy or sell the asset. Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred and the Group has essentially transferred all risks and benefits associated with the right of ownership. Loan receivables and trade accounts receivable are recognized at the time of acquisition at amortized cost using the effective interest method. Loan receivables and trade accounts receivable are included in current assets, with the exception of items falling due more than 12 months after the balance sheet date, which are classified as fixed assets. The Group's loan receivables and trade accounts receivable consist of other long-term receivables, trade accounts receivable, cash and cash equivalents and accrued income.

(iii) Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence of an impairment requirement for a financial asset or group of financial assets. A financial asset or group of financial assets has an impairment requirement and is written down only if there is objective evidence of an impairment requirement as a result of one or more events that occurred after the recognition of the asset and that this event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The impairment is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The asset's carrying amount is written down and the impairment loss is recognized in the consolidated income statement under "other external costs" or in net financial items, depending on which financial asset is written down.

If the impairment requirement decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement of the debtor's creditworthiness), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

Impairment testing of trade accounts receivable is described in Note 5(a).

(iv) Revenue recognition

Interest income

Interest income is recognized using the effective interest method. When the value of a receivable has fallen, the Group reduces the carrying amount to the recoverable amount, which is equivalent to the estimated future cash flow, discounted at the original effective interest rate for the instrument, and continues to unwind the discount effect as interest income. Interest income on impaired loans and accounts receivable is recognized at the original effective interest rate.

19(l) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank deposits, in both the balance sheet and in the cash flow statement. .

19(m) TRADE ACCOUNTS RECEIVABLES

Accounts receivable are recognized initially at fair value and subsequently at amortized cost using the effective interest method, less any provision for impairment. Trade accounts receivable are amounts attributable to customers in respect of services sold in operating activities. If payment is expected within one year or less, they are classified as current assets. If not, they are classified as long-term investments. Trade accounts re-

ceivable are generally due for payment within 30 days and all trade accounts receivable are therefore classified as current assets. See Note 5(a) for further information on the Group's accounting policies regarding trade accounts receivable and for a description of the Group's impairment policies.

19(n) TANGIBLE ASSETS

Tangible assets are recognized at cost less depreciation. Cost includes costs directly attributable to the acquisition of the asset.

Additional expenses are added to the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of a replaced part is derecognized from the balance sheet. All other forms of repair and maintenance are recognized as costs in the income statement in the period in which they arise.

The Group's depreciation policies and useful lives are described in Note 6.

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if necessary.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on disposal are determined by means of a comparison between the sales revenue and the carrying amount of the asset and are recognized in the income statement.

Depreciation methods and useful lives

Tangible fixed assets are recognized at cost less depreciation.

Depreciation is made on a straight-line basis to allocate cost, less the estimated residual value over the estimated useful life. The estimated useful lives are as follow:

- Equipment, tools, fixtures and fittings 5 years

19(o) INTANGIBLE ASSETS

(i) Trademarks and patents

Trademarks and patents acquired separately are reported at cost. Trademarks and patents have a definite useful life and are reported at cost less accumulated depreciation and impairment.

The Group amortizes patents and trademarks on a straight-line basis with a fixed useful life over the following amortization period:

- Trademarks and patents 5 years

(ii) Research and development

Expenditure on research aimed at obtaining new scientific or technical knowledge is recognized as expenses when incurred. Development costs directly attributable to development, where research results or other knowledge are applied to achieve new or improved products or processes controlled by the Group, are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the product or process so that it can be used;
- the Company intends to complete the software and use or sell it;
- there are opportunities to use or sell the product or process;
- it can be demonstrated that the product or process will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product or process are available, and
- the expenditure attributable to the product or process during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the product or process include personnel costs and a reasonable proportion of indirect costs.

Capitalized development expenditure is recognized as intangible assets and is amortized from the date when the asset is ready for use. No depreciation has been initiated for the Group's capitalized costs for development work while component development is in progress. Depreciation/amortization will commence when the Group enters a commercial phase within each application area.

(iii) Research and development

Research and development expenses that do not meet the criteria in (ii) are expensed when they arise. Development costs previously expensed are not recognized as an asset in subsequent periods.

19(p) TRADE ACCOUNTS PAYABLE AND OTHER LIABILITIES

Trade accounts payable are liabilities to pay for goods and services acquired in the ordinary course of business from suppliers. The amounts are unsecured and are usually paid within 30 days. Trade accounts payable and other liabilities are classified as current liabilities if they are due for payment within one year or earlier (or during a normal operating cycle if this is longer). If not, they are classified as long-term liabilities. Liabilities are recognized initially at fair value and subsequently at amortized cost using the effective interest method.

19(q) BORROWING

Borrowings are initially recognized at fair value, net of transaction costs. Borrowings are then recognized at amortized cost and any difference between the amount received (net after transaction costs) and the repayment amount is recognized in the income statement over the loan period, using the effective interest method. Fees paid for loan facilities are recognized as transaction costs for the borrowing to the extent that it is likely that part or all of the credit facility will be utilized. In such cases, the fee is recognized when the credit facility is utilized. Where there is no evidence that it is likely that part or all of the credit facility will be utilized, the fee is recognized as an advance payment for financial services and allocated over the term of the current loan commitment.

Borrowings are derecognized from the balance sheet when the obligations have been met, cancelled or otherwise expired. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been eliminated or transferred to another party and the consideration paid, including transferred non-cash assets or liabilities assumed, is recognized in the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the end of the reporting period.

19(r) BORROWING COSTS

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are recognized as part of the cost of these assets. Qualifying assets are assets that necessarily take a considerable amount of time to complete for their intended use. Capitalization ceases when all activities required to complete the asset for its intended use have been substantially completed.

All other borrowing costs are recognized when they arise.

As the Group's loans from Almi Företagspartner have been raised for developing components currently recognized as intangible assets, the Group has made the assessment that the total loan expense attributable to the loan from Almi Företagspartner be capitalized as from the transition to IFRS. See detailed description in the transition information in Note 20.

19(s) PROVISIONS

Provisions for settlement are recognized when the Group has a legal or informal liability as of past events, it is probable that an outflow of resources will be required to settle the liability and the amount can be

estimated reliably. No provision is made for future operating losses.

If there are similar liabilities, the probability that it will require an outflow of resources in settlement is assessed for this entire group of liabilities. A provision is recognized even if the probability of an outflow for a special item in this group of liabilities is minimal.

Provisions are valued at the present value of the amount expected to be required to settle the liability. A discount rate before tax is used here that reflects a current market assessment of the time-dependent value of money and the risks specific to the provision. The increase in the provision due to passage of time is recognized as interest expense.

19(t) EMPLOYEE BENEFITS

(i) Short-term benefits to employees

Liabilities for salaries and payments, including non-monetary benefits and paid absence, which are expected to be settled within 12 months after the end of the financial year, are recognized as current liabilities at the undiscounted amount that is expected to be paid when the liabilities are settled. The expense is recognized in line with the performance of the services by the employees. The liability is reported as an obligation for payments to employees in the balance sheet.

(ii) Benefits after the end of employment

Group companies only have defined-contribution pension plans after the end of employment.

Pension obligations

The defined-contribution pension plans pay the Group fees to publicly or privately managed pension insurance on a mandatory, contractual or voluntary basis. The Group has no further payment obligations when the fees have been paid. The fees are recognized as personnel costs when they fall due for payment. Prepaid fees are recognized as an asset to the extent that cash repayment or reduction of future payments may devolve to the Group.

(iii) Share-based benefits

The Group has share-based benefit plans where the Company receives services from employees as consideration for the Group's equity instruments. For information about these plans, see Note 16.

Warrant program for employees

The fair value of the service that entitles employees to allocation of warrants through SaltX warrant programs is expensed as a personnel cost with a corresponding increase in equity. The total amount to be expensed is based on the fair value of the warrants granted. The total cost is recognized over the vesting period or in connection with the allocation date if no vesting conditions are found. All share-based benefits within the Group consist of equity-based instruments.

At the end of each reporting period, the Group reviews its estimates of the volume of share-based benefits expected to be vested based on service and/or performance conditions. Any deviation from the original estimates that arise from the review are recognized in the income statement and a corresponding adjustment is made to equity.

The social security contributions arising from the allocation of stock options are considered an integral part of the allocation, and the cost is treated as a cash-settled share-based payment.

19(u) SHARE CAPITAL

Common stock is classified as equity.

Transaction costs directly attributable to the issue of new shares or share warrants are recognized, net of tax, in equity as a deduction from the issue proceeds.

19(v) DIVIDENDS

Dividends to parent company shareholders are recognized as liabilities in the consolidated financial statements in the period in which the dividends are approved by the parent company shareholders.

19(x) EARNINGS PER SHARE

(i) Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

- Earnings attributable to the parent company's shareholders, excluding dividends attributable to preference shares
- with a weighted average number of outstanding common stocks during the period, adjusted for the stock dividend element in common stocks issued during the year and excluding repurchased shares held as own shares by the parent company.

(ii) Earnings per share after dilution

For the calculation of earnings per share after dilution, the amounts used to calculate earnings per share before dilution are adjusted by taking into account:

- The effect, after tax, of dividends and interest expenses on potential common stocks, and
- the weighted average of the additional common stocks that would have been outstanding in the conversion of all potential common stocks

19(y) ROUNDING OFF

All amounts reported in the financial statements are presented in thousands of Swedish kronor (SEK) unless otherwise stated.

NOTE 20 EFFECTS OF THE TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The accounting policies contained on page 25 have been applied when the consolidated accounts were prepared as at 31 December 2017 and for the comparative information presented as at 31 December 2016, and in the preparation of the opening balance sheet as at 1 January 2016 (Group transition date to IFRS).

When the opening balance sheet according to IFRS was prepared, amounts reported in previous annual reports were adjusted in accordance with Swedish Accounting Standards Board's recommendation BFNAR 2012:1 Financial Statements and Consolidated Financial Statements (K3). An explanation of how the transition from previously applied accounting principles to IFRS has affected the Group's earnings and financial position is shown in the tables below and in the notes that accompany them.

Options taken in the transition to IFRS accounting

The transition to IFRS is reported in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards. The main rule is that all applicable IFRS and IAS standards, which came into force and have been endorsed by the EU at 31 December 2017, shall be applied retrospectively. However, IFRS1 contains transitional provisions that give companies certain options

Permitted exemptions on transition to IFRS

Below are the IFRS permitted exemption from full retroactive application of all standards the Group has chosen to apply when transitioning from previously applied accounting principles to IFRS.

Exemption for borrowing costs

IFRS 1 provides an option for a first-time adopter of IFRS to choose to apply the requirements of IAS 23 Borrowing expenses from the date of transition to IFRS accounting or from a previous date as permitted by paragraph 28 of IAS 23. This provides relief from a full retroactive application that would require adjustment of borrowing costs for eligible assets before the transition date. The Group has chosen to apply IAS 23 prospectively for borrowing costs incurred on or after the date of transition to IFRS as of 1 January 2016. Borrowing costs incurred before the transition date thus have not been adjusted.

Exemption for share-based benefits

A first-time adopter must not apply IFRS 2 Share-based Benefits to equity instruments granted after 7 November 2002 and which have been vested before the transition to IFRS. SaltX has chosen to apply this exemption and has therefore not applied IFRS 2 to equity instruments that have been vested before the transition to IFRS.

Exemption for public grants

IFRS 1 states that a first-time adopter shall classify all government loans received as a financial liability or an equity instrument in accordance with IAS 32 Financial Instruments: Classification. Henceforth, the requirements of IFRS 9 Financial Instruments and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will be applied to existing government loans at the time of transition to IFRS. Furthermore, the Company will not report the corresponding benefit of the government loan at an interest rate below the market interest rate, as a government grant. Consequently, if a first-time adopter, in accordance with its previously applied accounting policies, did not recognize and value a government loan at an interest rate below the market rate in compliance with IFRS requirements, it shall use its carrying amount recognized at the time of the transition to IFRS as the opening book value for the loan in the balance sheet.

Reconciliation between previously applied accounting policies and IFRS

In accordance with IFRS 1, the Group shall present a reconciliation of equity and total comprehensive income reported in accordance with previous accounting policies and equity and total comprehensive income according to IFRS. The Group's transition to IFRS accounting had no effect on total cash flow from operating activities, investing activities or financing activities. The tables on pages 55 and 56 show the reconciliation between previously applied accounting policies and IFRS for each period for equity and total comprehensive income respectively.

NOTES ON THE RECONCILIATION BETWEEN PREVIOUSLY APPLIED ACCOUNTING POLICIES AND IFRS

a) CAPITALIZATION OF BORROWING COSTS

SaltX has received a loan to fund product development and marketing. The loan finances qualifying assets concerning capitalized development expenditure. Thus, expenses related to the loan shall be capitalized in the balance sheet as part of capitalized development expenditure in accordance with IAS 23. A reduction has thus been made of the item Financial expenses in the income statement of TSEK 105 for 2016 (TSEK 53 for Q4), while at the same time the item Capitalized expenditure for development work in the balance sheet has increased by TSEK 105. In addition, a change in deferred tax of TSEK 23 (TSEK 12 for Q4) is recognized in the item Income Tax in the income statement for 2016 and a corresponding Deferred tax liability appears in the balance sheet.

b) SHARE-RELATED PAYMENTS

At the 2016 Annual General Meeting in SaltX, an issue of 1 500 000 warrants was decided in connection with the reverse acquisition. 208 000 of these warrants were used to replace ClimateWell's existing warrant program CW2012P/T. In view of the fact that TO3 (for the part replacing CW2012P/T) is considered to be a modification, only the possible fair value of TO3 (employee benefits) will be charged to SaltX's accounts. This means that in the income statement for 2016, a reduction of the item Personnel expenses by TSEK 26 (TSEK 259 for Q4) and an increase in the item Income tax of TSEK 6 (TSEK 57 for Q4). In the balance sheet as of 31 December 2016, a reduction of shareholders' equity of TSEK 6 and an increase occurs in deferred tax of TSEK 6.

c) REVERSE ACQUISITION

As this acquisition falls outside IFRS3, the cost that is incurred is reported in accordance with IFRS 2 as a share-based payment. The

RECONCILIATION OF EQUITY AS AT 1 JANUARY 2016 AND AS AT 31 DECEMBER 2016

		1 January 2016				31 December 2016		
TSEK	Notes	Acc. to previous accounting policies	Total effect of transition to IFRS	Acc. IFRS	Notes	Acc. to previous accounting policies	Total effect of transition to IFRS	Acc. to IFRS
ASSETS								
Fixed assets								
Intangible assets		67,572	–	67,572	a)	76,817	105	76,922
Tangible assets		734	–	734		466	–	466
Financial assets		27,120	–	27,120		28,455	–	28,455
Current assets								
Advances to suppliers		378	–	378		–	–	–
Trade accounts receivable and other receivables (incl. prepaid expenses and accrued income)		6,713	–	6,713		3,812	–	3,812
Cash equivalents		5,513	–	5,513		18,812	–	18,812
Total assets		**108,030**	**–**	**108,030**		**128,362**	**105**	**128,467**
EQUITY AND LIABILITIES								
Equity								
Share capital		19,799	–	19,799		3,579	-	3,579
Other capital contributed		325,110	–	325,110	b, c, e)	376,645	14,633	391,278
Other equity including profit/loss for the year		-272,747	–	-272,747	a, b, c, e)	-291,919	-14,557	-306,476
Total equity		**72,162**	**–**	**72,162**		**88,305**	**76**	**88,381**
Long-term liabilities								
Other liabilities		25,000	–	25 000		29 000	-	29 000
Deferred tax liabilities		-	–	-	a), b)	-	29	29
Long-term provisions		403	–	403		-	-	-
Current liabilities								
Liabilities to minority		–	–	–		251	-	251
Trade accounts payable		1,620	–	1,620		2,253	-	2,253
Other current liabilities		747	–	747		336	-	336
Accrued expenses and deferred income		8,098	–	8,098		8,217	-	8,217
Total equity and liabilities		**108,030**	**–**	**108,030**		**128,362**	**105**	**128,467**

RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR 2016

Total comprehensive income		2016		
TSEK	Notes	Acc. to previous accounting policies	Total effect of transition to IFRS	Acc. to IFRS
Net sales	d)	1,459	-863	596
Capitalized work for own account	d)	9,341	2,288	11,629
Other operating revenue	d)	4,372	-1,425	2,947
Total		**15,172**	**0**	**15,172**
Other external expenses		-16,279	–	-16,279
Personnel costs	b)	-18,199	26	-18,173
Depreciation/amortization and impairment of tangible and intangible assets		-1,428	–	-1,428
Other operating expenses	c)	–	-15,138	-15,138
Total		**-35,906**	**-15,112**	**-51,018**
Operating profit/loss		**-20,734**	**-15,112**	**-35,846**
Financial income		1,673	–	1,673
Financial expenses	a)	-111	105	-6
Net financial items		1,562	105	1,667
Profit/loss after financial items		**-19,172**	**-15,007**	**-34,179**
Income tax	a, b)	–	-29	-29
Net profit/loss for the year		**-19,172**	**-15,036**	**-34,208**

RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR Q4 2016

Total comprehensive income		Q4 2016		
TSEK	Notes	Acc. to previous accounting policies	Total effect of transition to IFRS	Acc. to IFRS
Net sales		257	–	257
Capitalized work for own account	d)	2,931	293	3,224
Other operating revenue	d)	359	-293	66
Total		**3,547**	**0**	**3,547**
Other external expenses		-4,303	–	-4,303
Personnel costs	b)	-5,593	259	-5,334
Depreciation/amortization and impairment of tangible and intangible assets		-441	–	-441
Total		**-10,337**	**259**	**-10,078**
Operating profit/loss		**-6,790**	**259**	**-6,531**
Financial income		450	–	450
Financial expenses	a)	-51	53	2
Net financial items		399	53	452
Profit/loss after financial items		**-6,391**	**312**	**-6,079**
Income tax	a, b)	–	-69	-69
Profit/loss for the year		**-6,391**	**243**	**-6,148**

IFRIC Interpretations Committee further clarifies that the difference between the fair value of the shares in SaltX (the estimated value of the shares that the acquirer for accounting purposes, ClimateWell AB, would have issued) and the net assets of SaltX should be considered as a payment for the service that the shares are listed on the stock market. No amount shall be considered to be a cost of raising capital. Since the costs of the stock market listing do not meet the criteria for being recognized as an intangible asset, it means that the transaction should be recognized as an expense in the income statement. The adjustment involves recognition of a cost of TSEK 15 138 in the income statement for 2016 under the item Other operating expenses. In the balance sheet as of 31 December, 2016, the item Other contributed capital is increased by TSEK 15 138.

d) RECLASSIFICATION BETWEEN THE ITEMS NET SALES, CAPITALIZED WORK FOR OWN ACCOUNT AND OTHER OPERATING REVENUE

Net sales

With the transition to IFRS accounting, a reclassification has been made regarding costs that have been invoiced on. According to previously applied accounting policies, these costs were recognized as Net sales, whereas according to IFRS, these shall be recognized as Other operating income. The reclassification has had an impact on Net sales of TSEK -863 for 2016 (SEK 0 for Q4) and a corresponding increase in the item Other operating income.

Capitalized work for own account

According to previously applied accounting principles, some of the expenses deemed to be capitalizable have been reclassified to the item "Other operating income" (see Other operating income below), while at the same time the item Intangible assets in the balance sheet has been reduced. The reclassification refers to grants received for intangible assets. With the transition to IFRS accounting, the previous reclassification is adjusted by increasing the item Capitalized work for own account in the income statement by TSEK 2 288 for 2016 (TSEK 293 in Q4) and the item Intangible assets in the balance sheet.

Other operating revenue

According to previously applied accounting policies, public grants have been recognized as if they were received to cover costs already incurred even if the asset for which the grant is intended to finance has not yet been expensed. With the transition to IFRS accounting, SaltX applies the accounting policy in IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, which states that public grants attributable to assets shall be recognized as a reduction in the asset that the contribution is intended to cover. Through this principle, revenue is recognized in the same period as the asset is utilized. Grants, which are attributable to assets, have been recognized according to previously applied accounting principles as an Other operating revenue in the period in which it has been estimated with reasonable certainty that the conditions for the grant will be met and the grant will therefore be received. With transition to IFRS accounting, it means according to the above that the item Other operating income is adjusted and reduced by TSEK -2 288 for 2016 (TSEK -293 in Q4) and the recognized Intangible assets in the balance sheet are reduced by the corresponding amount as at 31 December 2016.

The total adjustment of the item Other operating income in the income statement amounts to TSEK -1 425 (TSEK +863 to TSEK 2 288) for 2016 (TSEK -293 in Q4).

The adjustments made to the items Net sales, Capitalized work for own account and Other operating income in the income statement, have no effect on the item Intangible assets in the balance sheet.

e) RECLASSIFICATION ACCORDING TO IAS 1

Some changes in classification and designation have taken place in the balance sheet and income statement. The changes mainly concern the following:

Balance Sheet

In accordance with IAS 1 Presentation of Financial Statements, certain terms have been changed, including the item Cash and bank balances now referred to as Cash equivalents.

The following reclassifications have been made of balance sheet items as of 1 December 2016: TSEK 403 has been reclassified from the item Provision for close-down costs to Long-term liabilities.

Shareholders' equity has been divided into share capital, reserves, other contributed capital and retained earnings, including profit for the period. Furthermore, TSEK 505 previously recognized as Other contributed capital has been reclassified as Retained earnings including profit for the period as this relates to share-based benefits.

Income statement

Retitling and reclassification have been carried out of the following items in the statement of comprehensive income; Interest income and similar income statement items and Interest expense and similar income statement items are referred to now as Financial income and Financial expenses respectively. Furthermore, the item Tax on profit for the year is referred to as Income tax.

Parent Company financial statements

TSEK	Not	2017	2016
Net sales	9(a)	2,400	-
Total		**2,400**	**-**
Other external costs	1(a)	-4,530	-3,372
Personnel costs	1(a)	-1,716	-355
Total		**-6,246**	**-3,727**
Operating result		**-3,846**	**-3,727**
Financial income	1(b)	1,827	212
Profit/loss from financial items - net		**1,827**	**212**
Result before tax		**-2,019**	**-3,515**
Income tax	2	-	-
Profit/loss for the year		**-2,019**	**-3,515**

There are no other items in other comprehensive result which leads to it being the same as profit/loss for the year.
Notes on pages 64 to 68 constitutes an integral part of the parent company accounts.

Parent Company Balance sheet

TSEK	Note	17-12-31	16-12-31	16-01-01
ASSETS				
Non-current assets				
Financial assets				
Participations in subsidiaries	6(a)	97,261	97,039	-
Total fixed financial assets		**97,261**	**97,039**	**-**
Toatl fixed assets		**97,261**	**97,039**	**-**
Current assets				
Other current receivables	3	1,005	261	634
Accounts receivable from group companies	3	55,734	14,212	-
Prepaid expenses and accrued income	4(a)	604	53	29
Cash and bank balances	3(a)	70,250	15,231	3,693
Total current assets		**127,593**	**29,757**	**4,356**
TOTAL ASSETS		**224,854**	**126,796**	**4,356**
EQUITY AND LIABILITIES				
Equity				
Restricted capital				
Share capital	5	4,397	3,579	882
		4,397	**3,579**	**882**
Non-restricted equity				
Share premium reserve		272,272	174,340	51,524
Accumulated profit/loss		-52,488	-48,973	-3,475
Profit/loss for the year		-2,019	-3,515	-45,498
		217,765	**121,852**	**2,551**
Total equity		**222,162**	**125,431**	**3,433**
Current liabilities				
Accounts payable - trade	3(b)	704	452	401
Other liabilities		379	–	–
Accrued expensed and deferred income	4(a)	1,609	913	522
Total current liabilities		**2,692**	**1,365**	**923**
TOTAL EQUITY AND LIABILITIES		**224,854**	**126,796**	**4,356**

Notes on pages 64 to 68 constitutes an integral part of the parent company accounts.

Changes of Parent Company Equity

	Restricted capital		Non-restricted capital	
TSEK	Sahre capital	Share premium reserve	Accumulated profit/loss	Total equity
Opening balance Jan 1, 2016	**882**	**51,524**	**-48,973**	**3,433**
Result for the year equal to comprehensive result	-	-	-3,515	-3,515
Total comprehensive result	**-**	**-**	**-3,515**	**-3,515**
Transactions with shareholders in their capacity as owners::				
Reduction in share capital	-981	981	-	-
New capital issues	1,220	28,780	-	30,000
Issue expenses	-	-1,702	-	-1,702
Issues for non-cash consideration	2,199	80,257	-	82,456
New capital issues	259	14,500	-	14,759
Closing balance Dec 31, 2016	**3,579**	**174,340**	**-52,488**	**125,431**
Result for the year equal to comprehensive result	-	-	-2,019	-2,019
Total comprehensive result	**-**	**-**	**-2,019**	**-2,019**
Result for the year equal to comprehensive result				
New capital issues	818	105,601	-	106,419
Issue expenses	-	-7,669	-	-7,669
Closing balance Dec 31, 2017	**4,397**	**272,272**	**-54,507**	**222,162**

Notes on pages 64 to 68 constitutes an integral part of the parent company accounts.

Parent Company Cash Flow Statement

TSEK	2017	2016
Cash flow from operating activities		
Profit/loss after financial items	-2,019	-3,515
Cash flow from operating activities before changes in working capital	**-2,019**	**-3,515**
Cash flow from changes in working capital		
Increase/Decrease of current receivables	-1,295	350
Increase/Decrease of current payables	1,327	442
Cash flow from changes of working capital	**32**	**792**
Cash flow from operating activities	**-1,987**	**-2,723**
Cash flow from investing activities		
Loan to subsidiary	-41,522	-14,212
Cash flow from financing activities	**-41,522**	**-14,212**
Cash flow from financing activities		
New capital issues	98,528	28,473
Cash flow from financing activities	**98,528**	**28,473**
Decrease/increase cash and bank balances	**55,019**	**11,538**
Cash and bank balances, opening balance	15,231	3,693
Cash and bank balances, closing balance	**70,250**	**15,231**

Notes on pages 64 to 68 constitutes an integral part of the parent company accounts.

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Notes to the Parent Company financial statements

NOTE 1 OTHER INCOME AND EXPENSES

This note gives a breakdown of items that include other external expenses, employee remuneration expenses and financial income. Information on specific profit or loss items (e.g. profits and losses relating to financial instruments) is described in the accompanying notes in the balance sheet.

1(a) OPERATING EXPENSES

(i) Employee benefits etc.

	2017	2016
Salaries and other benefits	1,075	300
Social security expenses	301	94
Pension costs incl. payroll tax:		
- defined contribution plans	127	–
Total costs for remuneration to employees	**1,503**	**394**

(ii) Remuneration to the auditors

	2017	2016
Remuneration to the auditors		
PwC		
- Audit engagement	227	26
- Tax consultancy	105	31
- Other services	540	142
Total costs for remuneration to auditors	872	199

1(b) FINANCIAL INCOME

	2017	2016
Financial income		
Interest income, loans to subsidiaries	1,822	212
Interest income, other	5	–
Financial income	1,827	212

NOTE 2 INCOME TAX

The note shows an analysis of the parent company's income tax, amounts recognized directly in equity and how income tax is affected by non-taxable income and non-deductible expenses. It also explains significant estimates made in relation to the parent company's tax position.

2(a) INCOME TAX

Current tax	2017	2016
Current tax on profit for the year	–	–
Adjustments relating to previous years	–	–
Total current tax plus income tax	**–**	**–**

2(b) RECONCILIATION BETWEEN THEORETICAL TAX EXPENSE AND RECOGNIZED TAX

	2017	2016
Profit/loss before tax	-2,019	-3 515
Tax at Swedish tax rate of 22% (2016: 22 %)	444	773
Tax effect of items that are non-deductible/(non-taxable):		
Additional deductible expenses1 687	375	
Non-deductible expenses	-14	–
Effect of non-recognized loss carryforwards	-2,117	-1 148
Total income tax	–	–

2(c) LOSS CARRYFORWARDS

	2017	2016
Unutilized loss carryforwards for which no deferred tax assets have been recognized	33,125	23 501
Potential tax benefits, 22 %	7,288	5 170

For further information on reported deficits and significant assessments regarding these, see Note 8 of the Consolidated Accounts.

NOTE 3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This note contains information about the Group's financial instruments, see Group Note 9, including:

- an overview of all financial instruments held by the parent company
- specific information about each type of financial instrument
- accounting policies

The Parent Company has the following financial instruments:

	Financial assets valued at accrued cost		
	2017-12-31	2016-12-31	2016-01-01
Receivables from Group companies	55,734	14,212	–
Other short-term receivables	1,005	261	634
Cash and bank balances	70,250	15,231	3,693
	126,989	**29,704**	**4,327**

	Financial liabilities valued at accrued cost		
	2017-12-31	2016-12-31	2016-01-01
Trade accounts payable	704	452	401
	704	**452**	**401**

The Group's exposure to various risks associated with financial instruments is described in Note 9. The maximum exposure to credit risk at the balance sheet date is the carrying value of each category of financial asset mentioned above.

3(a) CASH AND CASH EQUIVALENTS

	2017	2016
Current assets		
Cash and bank balances	70,250	15,231
	70,250	**15,231**

(i) Cash and cash equivalents' composition:
Cash and bank balances consists of bank deposits.

3(b) TRADE ACCOUNTS PAYABLE

	2017	2016
Current liabilities		
Trade accounts payable	704	452
	704	**452**

Trade accounts payable are without security and are normally paid within 30 days.

The fair value of trade accounts payable is considered equivalent to their carrying amount, as they are of short-term nature.

NOTE 4 NON-FINANCIAL ASSETS AND LIABILITIES

4(a) ACCRUED EXPENSES AND PREPAID INCOME AND PREPAID EXPENSES

	2017-12-31	2016-12-31	2016-01-01
Prepaid expenses	604	53	29
Accrued personnel-related costs	959	–	–
Other items	650	913	522
Total	**2,213**	**966**	**551**

NOTE 5 SHARE CAPITAL

For information about the share capital, see Note 7 of the consolidated financial statements.

TSEK	No. of shares	Share capital	Share premium reserve
As at 1 January 2016	**4,010,500**	**882**	**51,524**
Reduction of share capital	–	-981	981
Cash issue	10,000,000	1,220	28,780
Issue expenses	–	–	-1,702
Issue for non-cash consideration	27,485,140	2,199	80,257
New capital issues	3,241,667	259	14,500
Closing balance at 31 Dec 2016	**44,737,307**	**3,579**	**174,340**
Capital issues	10,231,246	818	105,601
Issue expenses	–	–	-7,669
Closing balance at 31 Dec 2017	**54,968,553**	**4,397**	**272,272**

NOTE 6 SHAREHOLDINGS IN OTHER COMPANIES

6(a) MATERIAL SUBSIDIARIES

The parent company's subsidiaries as per 31 December 2017:

Name	Swedish company reg. no	Domicile and registration and country of operation	No. of shares	Percentage of shares owned by the parent company (%)	Percentage of common holding without controlling interest (%)
Directly owned					
SaltX Technology AB (formerly ClimateWell AB)	556362-71319	Stockholm, Sweden	2,054,923,172	100%	0%

	2017-12-31	2016-12-31	2016-01-01
Opening cost	97,039	–	–
Acquired participations in subsidiaries	222	97,039	–
Closing accumulated cost	97,261	97,039	–
Closing carrying amount/book value	97,261	97,039	–

UNRECOGNIZED ITEMS

This part of the notes contains information about items not recognized in the financial statements as they do not meet the accounting criteria.

NOTE 7 OBLIGATIONS REGARDING OPERATING LEASES

	2017	2016
Rent for office in Shanghai	26	–
Contracted future lease payments in respect of non-cancellable contracts fall due for payment:		
Within one year	203	–
	229	–

The contract expires in November 2018.

NOTE 8 EVENTS AFTER THE END OF THE REPORTING PERIOD

In January 2018, SunCool AB was merged with SaltX, see Note 14 of the consolidated financial statements.

OTHER INFORMATION

This part of the notes contains the information required by the regulations, but is not directly linked to specific items in the financial statements.

NOTE 9 INFORMATION ABOUT AFFILIATES

9(a) TRANSACTIONS WITH AFFILIATES

The following transactions have taken place with affiliates:

	2017	2016
Sales of inter-company services with companies in the same group of companies, SaltX Technology AB	2,400	–

9(b) OUTSTANDING BALANCES REGARDING SALES/PURCHASES OF GOODS AND SERVICES

The following transactions with affiliates are outstanding at the balance sheet date:

	2017-12-31	2016-12-31	2016-01-01
Trade accounts payables (inter-company services)	3,000	–	–

NOTE 10 PLEDGED ASSETS

	2017-12-31	2016-12-31	2016-01-01
Chattel-mortgages	50	50	50
Total pledged assets	**50**	**50**	**50**

NOTE 11 APPROPRIATION OF EARNINGS

The Board of Directors proposes that the available funds of SEK 217,765,343.10 be carried forward.

NOTE 12 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE PARENT COMPANY

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial statements for the parent company have been prepared in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Reporting for Legal Entities, and with the Swedish Annual Accounts Act. Where the parent company applies different accounting policies to the Group's accounting policies, as described in Note 1–19 in the consolidated financial statements, these are specified below.

In connection with the transition to IFRS accounting in the consolidated financial statements, the parent company has adopted RFR 2 Accounting for Legal Entities. The transition from previously applied accounting principles to RFR 2 has not had any effect on the income statement, balance sheet, equity or cash flow.

The financial statements have been prepared using the cost method.

The preparation of financial statements in conformity with RFR 2 requires the use of certain critical accounting estimates. It also requires management to make certain judgments in the application of the parent company's accounting policies. The areas that include a high degree of judgment or complexity, or where assumptions and estimates are significant to the annual financial statements, are specified in Note 8 of the consolidated financial statements.

The parent company is exposed through its operations to various financial risks: primarily credit risk and liquidity risk. The parent company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the parent company's financial results. For more information about financial risks, see Note 9 of the consolidated financial statements.

The parent company applies other accounting policies than the Group in the circumstances listed below:

12(a) LAYOUT

The income statement and balance sheet follow the layout of the Swedish Annual Accounts Act. The statement of changes in equity also follows the Group's layout but shall include the columns listed in the Swedish Annual Accounts Act. Furthermore, the difference in terms, compared with the consolidated financial statements, primarily relate to financial income and expenses and equity.

12(b) PARTICIPATIONS IN SUBSIDIARIES

Participations in subsidiaries are recognized at cost after deductions for any impairment loss. Cost includes acquisition-related costs and any additional purchase price.

When there is an indication that participations in subsidiaries have fallen in value, an assessment is made of the recoverable amount. If this is lower than the carrying amount, a write-down is made. Impairment losses are recognized in Result from participations in Group companies.

Stockholm April 4, 2018
Board of Directors

Åke Sund *Chairman*	Juan Hernandez-Zayas *Board member*	Elin Lydahl *Board member*
Tommy Nilsson *Board member*	Olle Nordström *Board member*	Indra Åsander *Board member*

Karl Bohman
CEO

Our audit report was submitted on April 4, 2018
Öhrlings Pricewaterhouse Cooper AB

Claes Sjödin *Authorized Public Accountant* *Auditor in charge*	Leonard Daun *Authorized Public Accountant*

Auditor's report

To the general meeting of the shareholders of SaltX Technology Holding AB (publ), corporate identity number 556917-6596

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of SaltX Technology Holding AB (publ) for the year 2017. The annual accounts and consolidated accounts of the company are included on pages 3-14 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts and is found on pages 3 - 14. This other information is comprised of a description of SaltX Technology AB's history, business areas and business model and of a description of the company's technology, but does not include the annual accounts and our Auditors Report regarding those accounts. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the

preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of SaltX Technology Holding AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. [The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.]

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm 4 April 2018
Öhrlings PricewaterhouseCoopers AB

Claes Sjödin
Authorized Public Accountant
Partner in charge

Leonard Daun
Authorized Public Accountant