SaltX Technology

SaltX Technology Holding AB (publ)

INTERIM REPORT Q3 2019

This information is information which SaltX Technology is required to disclose under the EU Market Abuse Regulation. The information has been made public at 08.00 CET on October 31, 2019.



CONTENT

Interim Report Q3 2019	3
The CEO's address	4
Operations	6
Business model	8
Significant events	9
Financial overview	10
Consolidated financial statements	14
Notes	18
Note 1 Significant estimates and judgements for accounting purposes	18
Note 2 Revenue	18
Note 3 Financial instruments	18
Note 4 Transactions with affiliates	19
Note 5 Lease agreements	19
Parent company financial statements	20
Statement by the Board of Directors and the CEO	22
Other Information	23

INTERIM REPORT Q3 2019

FINANCIAL EVENTS

Q3 [1]

- Net sales totaled MSEK 0.2 (1.5)
- Operating profit/loss (EBIT) amounted to MSEK -7.0 (-11.6)
- Cash flow from operating activities amounted to MSEK -12.4 (-6.4)
- Earnings per share before and after dilution were SEK -0.10 (-0.23)

Interim period Jan – Sep [1]

- Net sales totaled MSEK -0.7 (4.8)
- Operating profit/loss (EBIT) amounted to MSEK -72.9 (-41.3)
- Cash flow from operating activities amounted to MSEK -48.7 (-35.6)
- Earnings per share before and after dilution were SEK -1.06 (-0.73)

SIGNIFICANT EVENTS

Q3

- SaltX signed a cooperation agreement with INERCO concerning energy storage
- SaltX Berlin pilot plant showed very promising results

After the end of the period

- Carries out a fully guaranteed rights issue of approximately SEK 80.6 million and takes the next step towards commercialization
- The company notified of an Extraordinary General Meeting to decide on a rights issue
- SaltX pilot will be built and financed by new Chinese partner — Shuangliang will build and develop an energy storage pilot in China

KEY FIGURES[1]

Group, TSEK	Q 3 2019	Q 3 2018	9 months 2019	9 months 2018	FY 2018
Net sales	165	1,472	-674	4,793	6,464
Operating profit/loss (EBIT)	-6,982	-11,610	-72,888	-41,270	-121,062
Earnings per share before and after dilution	-0.10	-0.23	-1.06	-0.73	-2.14
Equity	67,052	142,016	67,052	142,016	143,598
Cash flow from operating activities	-12,428	-6,412	-48,665	-35,555	-50,556
Equity ratio (equity/balance sheet total)	58%	71%	58%	71%	70%

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

THE CEO'S ADDRESS

After the first six months as CEO, I can look back at an eventful time. We have implemented a strong focus on the company's operations on large scale energy storage (EnerStore) and closed operations in other product areas. The workforce has been reduced because of this and all employees focus today on EnerStore, both in our daily work but also strategically and long term. We have three agreements with strong partners in our priority markets. We have informed about the results from the Berlin pilot plant and it is now time to take the next step in the development.

SaltX carries out a new share issue of SEK 80 million. What should the money be used for?
The money should be used to continue to develop SaltX. During the past year we have focused operations in the company. Now we will build the team around large-scale energy storage - EnerStore. In the commercialization we need both high expertise and strong resources to meet our partners in the work with pre-commercial facilities. We are planning for recruits both on the technical and commercial side.

What is the next step?
Our focus next year will be, together with our partners, to build pre-commercial facilities. They will be built on the experience from the pilot in Berlin, but also be based on a more commercial technical design.

Our energy storage consists of four key components: silos to store the nanocoated material and reactors to charge and discharge the energy. Together with partners, we have identified a reactor technology that is expected to be more efficient and more scalable than the one we used in Berlin. The technology, fluidized bed, is well known and used especially in coal-fired power plants. The next step is to prove the technology in pre-commercial facilities and then scale it up in size. I see this as a natural step in the commercialization of EnerStore and I am convinced that it is the right path.

> "THERE ARE MANY INTERESTED NEW POTENTIAL CUSTOMERS WHO CONTACT US DIRECTLY. AN ACTUAL DEAL WILL ALWAYS BE SIGNED THROUGH A PARTNER OF OURS. BY THIS WE BUILD COMPETENCE AND PROFITABILITY TOGETHER."

What does a sales process look like?
We work in close cooperation with our partners in the sales process. We have also built a large contact network of potential customers since earlier and we discuss with our partners how we together should approach them. In addition, there are many interested new potential customers who contact us directly. An actual deal will always be signed through a partner of ours. By this we build competence and profitability together.

What is your view on the commercialization of EnerStore?
I have great respect for that it takes time for this type of projects after my years in the power industry. Next step is to develop pre-commercial facilities, which is needed to be able to sell to customer. We are now in a position where we work together with them to develop these facilities. In parallel to that we are continuing the dialog with end customers, which means we work in simultaneous processes towards new business. We have now secured system partners, we shall in the next phase look for further partners in order to scale up the business.

Finally, I would like to thank the staff, shareholders and other stakeholders for that commitment and trust you show us at SaltX. We do everything we can to manage it well.

Stockholm, in October 2019
Carl-Johan Linér, CEO


Carl-Johan Linér

OPERATIONS

SaltX is a technology company with focus on energy storage. SaltX is currently developing thermochemical energy storage based on nanocoated salt. The world is transitioning to renewable energy sources. This transformation requires large energy storage volumes in order to be able to meet supply and demand at the right time.

By heating the nanocoated salt with electricity or heat, the energy can be stored for hours, days or weeks — and then be used when it is needed most.

SaltX technology is especially suited to the market where high-quality steam, at temperatures of 160 — 450 degrees, is required. For example, this may be for industries, municipalities or CHP power plants.

WAY FORWARD

The company's task is to sell and deliver the world-patented nanocoated salt together with key technological knowhow to customers and partners. SaltX is developing the finished solution together with system partners who already supply energy plants.

PROMISING RESULTS

In 2019, a pilot plant was opened in Berlin at Vattenfall's Reuter C CHP plant in Berlin. The plant has been demonstrated to potential customers, partners and the media. During the spring and summer, it has been running and promising results from the plant has been presented.

COMPONENTS

SaltX energy storage consists of four key components: two silos for storing the nanocoated salt, and two reactors where the salt is charged or discharged. The salt, together with the reactor, forms the very core of the energy storage. Together with partners, a reactor technology has been identified that would be significantly cheaper, more efficient and more scalable than the one used in the Berlin plant. The technology — fluidized bed — is well known and is mainly used in coal-fired power plants. The next step is to prove the technology in pre-commercial plants.

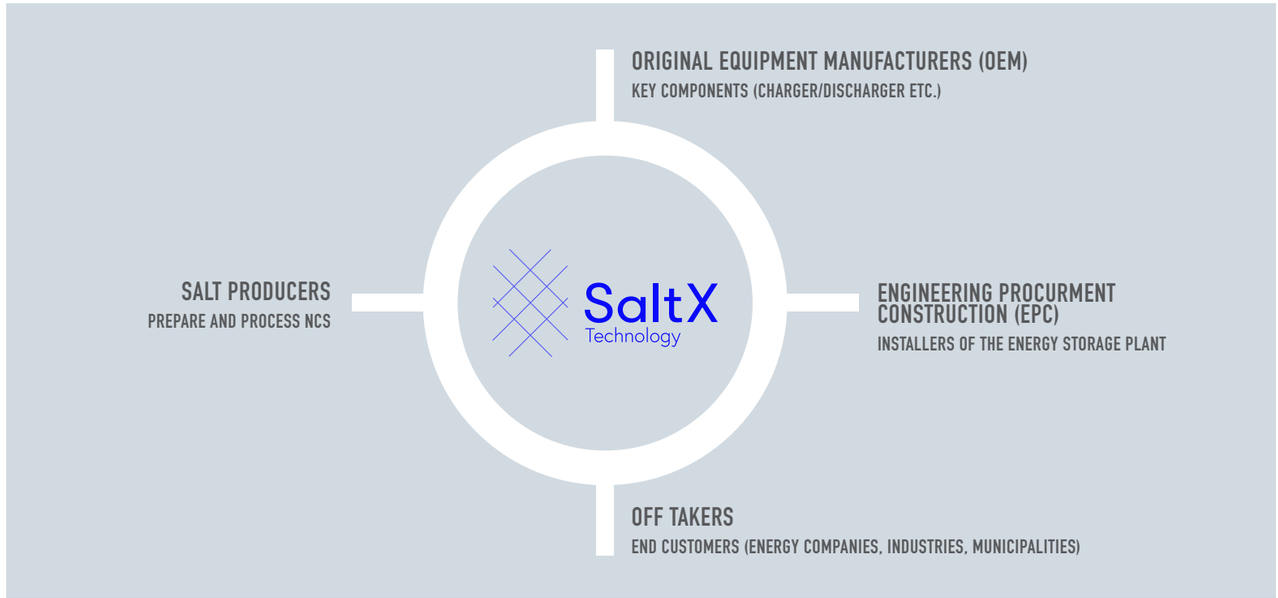
SALTX STORES HEAT

- Charge with excess power, cheap electricity or high temperature heat
- Release high quality steam (160-450˚C
- Off takers can be industries, combined Heat & Power Plants or other customers that need high temperature steam.



SALTX ECOSYSTEM

- In the commercialization of EnerStore, there are several partners that SaltX will work with. Depending on the market and the final application, these partners may differ. However, the partners will have four different functions. These are salt suppliers that prepare and process nanocoated salt, OEM (Original Equipment Manufacturer) that manufactures key components, EPC (Engineer, Procure, Construct) that installs energy storage systems and, finally, end customers, so-called off takers, which can be energy companies, industries and cities, see the image to the right.



BUSINESS MODEL

SaltX develops and markets energy storage based on nanocoated salt together with partners. The company´s future revenues will mainly consist of selling nanocoated salt, license fees and technology transfer. But revenue streams can also come from the finished solution such as installation and energy fees.

SaltX's position in the value chain is primarily to deliver the nanocoated salt to the chosen system partners who are building and starting operation of the complete energy storage solution.

A GROWING ECO-SYSTEM

The company is dependent on finding the right partners who can assist with other elements for a complete plant facility. One piece of this jigsaw puzzle that was important to get in place in 2018 was the company's suppliers of salt and the coating material. The partnerships with the Nordkalk and Wacker companies are in place to supply the future projects with nanocoated salt.

THREE NEW PARTNERS

In 2019, the company has focused on forging alliances with competent partners who are experienced in building power plants. Three EPC partnerships are now in place – the German company Steinmüller, the Spanish company INERCO and the Chinese company Shuangliang. The next step is to build pre-commercial plant facilities together and set a common plan for commercialization and customer offerings. The company's partners will also play a key role in the sale of energy storage projects.

OEM/EPC: SPAIN

INERCO

OEM/EPC: GERMANY

steinmüller engineering

OEM/EPC: CHINA

双良锅炉 SHUANGLIANG BOILER

BUSINESS MODEL



SIGNIFICANT EVENTS

....DURING Q3

SALTX SIGNED A COOPERATION AGREEMENT WITH INERCO CONCERNING ENERGY STORAGE – INERCO IS DEVELOPING AND BUILDING A LARGE-SCALE THERMOCHEMICAL SOLUTION BASED ON NANOCOATED SALT

SaltX entered into a strategic agreement with the Spanish company INERCO Ingeniería, Tecnología y Consultoría, S.A. The parties have agreed on a joint development plan where the first step is to build in 2020 a pre-commercial plant in megawatt scale for large-scale energy storage in nanocoated salt.

SALTX BERLIN PILOT PLANT SHOWED VERY PROMISING RESULTS – TESTS CARRIED OUT SINCE THE START IN APRIL 2019 CONFIRM STABILITY AND SCALABILITY

SaltX has built and deployed a first-of-its-kind energy storage in 2019. The pilot plant, which is based on a nanocoated salt material, confirms a good material performance and a scalable energy storage concept. Furthermore, the large-scale tests showed a promising roundtrip efficiency.

....AFTER END OF THE PERIOD

SALTX CARRIES OUT A FULLY GUARANTEED RIGHTS ISSUE OF APPROXIMATELY SEK 80.6 MILLION AND TAKES THE NEXT STEP TOWARDS COMMERCIALIZATION

Large-scale energy storage is a fast-growing market. Over the past year, SaltX Technology has shown with its pilot project in Berlin that the technology can be used on a large-scale and has entered into strategic agreements that pave the way for taking the next step in the commercialization of the company's energy storage solution.

The company's Board of Directors proposes a rights issue of approximately SEK 80.6 million, which is fully guaranteed through a subscription commitment from the largest owner Industrifonden and through guarantee commitments from a guarantee consortium. Existing shareholder obtains one (1) subscription right for each (1) share held on the record date. Five (5) subscription rights entitle to subscription of one (1) share in the rights issue to a subscription price of SEK 5.55 per share. Subscription in the rights issue can take place during the period from November 14, 2019 to November 28, 2019.

The proposal will be put forward on an extraordinary general meeting on November 5, 2019 for resolution. The purpose of the rights issue is to provide the company with financial resources to enable continued development and commercialization of the company's energy storage solution.

THE COMPANY NOTIFIED OF AN EXTRAORDINARY GENERAL MEETING TO DECIDE ON A RIGHTS ISSUE

SaltX Technology will hold an Extraordinary General Meeting on Tuesday November 5, 2019 at 15:00 at Blasieholmen Investment Group's premises, Birger Jarlsgatan 2, Stockholm to decide on a rights issue.

SALTX PILOT WILL BE BUILT AND FINANCED BY NEW CHINESE PARTNER – SHUANGLIANG WILL BUILD AND DEVELOP AN ENERGY STORAGE PILOT IN CHINA

SaltX Technology entered an agreement with Shuangliang Boiler Co., Ltd. The Chinese partner will build and finance a pilot plant to commercialize SaltX energy storage technology on the Chinese market.

FINANCIAL OVERVIEW

JULY–SEPTEMBER – Q3

REVENUE, EXPENSES AND EARNINGS*

Net sales
Net sales for the quarter totaled TSEK 165 (1,472).

Other income
Other revenues in the quarter totaled TSEK 2,472 (-) and consist of public funding from the European Union's Horizon 2020 project for development of the HeatBoost project and from the Swedish Energy Agency for the pilot plant in Berlin.

Expenses
Expenses during the quarter totaled TSEK -9,574 (-17,600), broken down as cost of goods for resale TSEK -35 (-126), external expenses TSEK -4,317 (-9,749), personnel costs TSEK -4,468 (-6,648) and depreciation and impairment of fixed assets of TSEK -754 (-1,077).

As a consequence of IFRS 16, costs for rent and leasing are now reported as a depreciation and an interest expense instead of as other external costs, see Note 5.

Operating profit/loss (EBIT
The operating profit/loss was TSEK -6,982 (-11,610).

Financial items
Profit/loss from financial items amounted to TSEK -557 (-271) and consisted interest on liabilities to the Swedish Energy Agency and Almi, and on leasing agreements.

Profit before tax
Profit before tax amounted to TSEK -7,539 (-12,888).

Earnings per share before and after dilution were SEK -0.10 (-0.23).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow and liquidity
Cash flow from operating activities in the quarter was TSEK -12,428 (-6,412).

Group cash and cash equivalents at the end of the quarter totaled TSEK 19,922 (23,077).

Long-term liabilities
Long-term liabilities totaled TSEK 33,408 (30,488) and consisted of long-term elements of loans from the Swedish Energy Agency for TSEK 24,388 and Almi Företagspartner for TSEK 4,500, as well as the long-term element of leasing liabilities. Repayment of the loan from the Swedish Energy Authority has been based on the criteria for commercialization being fulfilled through revenues and this will continue based on revenue per year. The loan from Almi is being repaid from July 2019 in monthly instalments over 5 years.

Investments
Investments made during the quarter that affected cash flow amounted to TSEK -1,189 (-12,783). These consisted of capitalized development and investments in patents.

Equity
Equity at the end of the period totaled TSEK 67,052 (142,016) or SEK 0.92 (2.53) per share and has fallen with the negative earnings. The equity ratio on the same date was 58 percent.

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

JANUARY–SEPTEMBER – INTERIM PERIOD

REVENUE, EXPENSES AND EARNINGS*

Net sales
Net sales for the period January — September totaled TSEK -674 (4,793). In Q1, SaltX terminated a license and cooperation agreement with Stjernberg Automation AB. SaltX repaid SEK 3.2 million in previously paid license fees which were partly recognized as revenue. This is the reason for the negative net sales in the period. The underlying reason is that the collaboration had not provided the intended results.

Other income
Other revenues amounted to TSEK 5,849 (1,196) and consist of public funding from the European Union's Horizon 2020 project for development of the HeatBoost project and from the Energy Agency for the pilot plant in Berlin.

Expenses
Expenses during the period totaled TSEK -78,063 (-61,036) broken down as costs for goods for resale TSEK -116 (-674), other external expenses TSEK -20,166 (-32,528), personnel costs TSEK -22,336 (-24,704) and depreciation and impairment of fixed assets for TSEK -35,445 (-3,130). Write-downs were made during the period for TSEK 32,160 of the remaining capitalized expenditure for development work relating to applications other than EnerStore.

As a consequence of IFRS 16, costs for renting and leasing are now reported as a depreciation and an interest expense instead of as other external costs, see Note 5.

Operating profit/loss (EBIT)
The operating profit/loss was TSEK -72,888 (-41,270).

Financial items
Profit/loss from financial items amounted to TSEK -3,323 (-1,643) and consisted of write-downs on shares in Zhong Fa Zhan Holdings Ltd and interest on liabilities to the Energy Agency and Almi, and on leasing agreements.

Profit before tax
Profit/loss before tax amounted to TSEK -76,211 (-42,913).

Earnings per share before and after dilution were SEK -1.06 (-0.73).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow and liquidity
Cash flow from operating activities in the quarter was TSEK -48,665 (-35,555). The transition to IFRS 16 has had an effect on cash flow for 2019 as the amortization of leasing liabilities is recognized as part of financing activities instead of being included in operating activities in the form of a rental/leasing cost.

The project to develop HeatBoost, partly funded by EU H2020, has ended in early in 2019. An advance amounting to SEK 9.2 million was received in June 2018, of which the main part consumed within the project and the remaining approximately SEK 3.0 million is intended to be refunded in connection with final settlement of the project at the beginning of the year 2020.

Group cash and cash equivalents as of September 30 totaled TSEK 19,922 (23,077).

Investments
Investments made during the period that affected cash flow totaled TSEK -1,781 (-24,121). These consisted of capitalized development and investments in patents.

KEY FIGURES, THE GROUP, PER QUARTER

TSEK	Q 3 2018	Q 4 2018	Q 1 2019	Q 2 2019	Q 3 2019
Net sales	1,472	1,671	-1,706	867	165
Operating profit/loss (EBIT)	-11,610	-79,792	-20,144	-45,762	-6,982
Cash flow from operating activities	-6 412	-15,001	-25,143	-11,094	-12,428
Basic earnings per share, SEK	-0.23	-1.38	-0.29	-0.66	-0.10

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

CHANGE OF SHARE CAPITAL IN 2019

	Change in share capital	Accumulated share capital	Change no. of shares	Accumulated no. of sharer
Opening balance 2019		4,911 143.20		61,389,290
Rights issue, part of	887,764.96	5,798,908.16	11,097,062	72,486,352
Directed issue, guarantee fee	8,727.28	5,807,635.44	109,091	72,595,443
Issue in kind (May 2019)	2.32	5,807,637.76	29	72,595,472

PARENT COMPANY
The operations of the parent company, SaltX Technology Holding AB (publ), consist of company-wide services and management of its SaltX Technology AB subsidiary and in maintaining the Company's listing on Nasdaq First North Premier Growth Market

Profit/loss before tax for the period amounted to TSEK -8,002 (-6,168). The parent company's available liquid funds at year-end totaled TSEK 16,220 (11,923).

SHARE CAPITAL
Share capital at the end of the period totaled SEK 5,807,637.76 consisting of 72,595,472 shares at a nominal value of SEK 0.08. New capital issues were carried out at year-end and registered in January 2019.

SHARES
Shares in SaltX are listed on Nasdaq First North Premier Growth Market

Share warrants
The 2018 issue was carried out in the form of units consisting of one share and one share warrant. 14.8 million share warrants were issued. Two share warrants are required to subscribe for one share for the exercise price of SEK 13 during the period January 1, 2020 to October 31, 2021. With full subscription of these warrants, the number of shares will increase by 7.4 million, corresponding to a 9 per cent dilution, and the company will receive MSEK 96.

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

Earnings per share
Earnings per share for the quarter were SEK -1.06 (-0.73) based on an average figure of 72,595,472 (55,986,862) shares. When calculating the number of shares after full dilution, the additional outstanding shares from warrant programs issued have been taken into account, although this has not had any effect because the result is negative.

As of September 30, 2019, 52 shares, representing less than 0.01 of total shares, had not yet been subscribed for from the merger between the Company and SaltX Technology.

Significant risks and uncertainties
All business activity and share ownership is associated with risk. Risks that are managed well can entail opportunities and value creation, while the opposite can lead to damage and losses. The risks can be divided into market-related, operations-related and financial risks. See also the Company's annual report on the website.

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

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

Accounting policies applied correspond with those described in the SaltX Group's annual report for 2018, except that the Group applies IFRS 16 Leases as of January 1, 2019. The implementation of the standard has some effect on the financial reports. For information on the effects of transition to IFRS 16, see Note 5. Accounting policies according to IFRS 16 are detailed below.

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

ACCOUNTING POLICY APPLIED TO LEASES AS OF JANUARY 1, 2019

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

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

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

The assets with rights of use are valued at cost and include the following:
- dthe initial value of the lease liability,
- payments made at or before the time when the leased asset is made available to the lessee.

The lease liabilities include the present value of the following lease payments:
- fixed payments
- variable leasing payments based on an index

The lease payments are discounted at the marginal loan rate.

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE RESULT — SUMMARY

TSEK	Q 3 2019	Q 3 2018	9 months 2019	9 months 2018	FY 2018
Net sales	165	1,472	-674	4,793	6,464
Work performed by the Company for its own use and capitalized	–	4,518	–	13,777	14,672
Other operating income	2,427	–	5,849	1,196	4,024
TOTAL	**2,592**	**5,990**	**5,175**	**19,766**	**25,160**
Cost of products sold	-35	-126	-116	-674	-2,070
Other external costs	-4,317	-9,749	-20,166	-32,528	-42,709
Personnel costs	-4,468	-6,648	-22,336	-24,704	-34,063
Depreciation and impairement of fixed assets	-754	-1,077	-35,445	-3,130	-67,380
TOTAL OPERATING COSTS	**-9,574**	**-17,600**	**-78,063**	**-61,036**	**-146,222**
OPERATING PROFIT/LOSS	**-6,982**	**-11,610**	**-72,888**	**-41,270**	**-121,062**
Financial income	–	-1,007	–	-1,105	-877
Financial expenses	-557	-271	-3,323	-538	-347
FINANCIAL ITEMS - NET	**-557**	**-1,278**	**-3,323**	**-1,643**	**-1,224**
PROFIT/LOSS BEFORE INCOME TAX	**-7,539**	**-12,888**	**-76,211**	**-42,913**	**-122,286**
Income tax expense	–	127	–	2,163	2,163
PROFIT/LOSS FOR THE PERIOD	**-7,539**	**-12,761**	**-76,211**	**-40,750**	**-120,123**
Earnings per share calculated on earnings attributable to parent company shareholders, SEK					
Basic earnings per share	-0.10	-0.23	-1.06	-0.73	-2.14
Earnings per share after dilution	-0.10	-0.23	-1.06	-0.73	-2.14

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

CONSOLIDATED BALANCE SHEET — SUMMARY

TSEK	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
ASSETS			
Fixed assets			
Intangible assets			
Capitalized expenditure on development work	75,132	103,392	107,366
IPR SunCool	–	41,868	–
Patents and trademarks	2,745	2,486	2,633
	77,877	**147,746**	**109,999**
Tangible assets			
Equipment, tools, and installations	1,630	2,114	2,020
Access rights	5,823	–	–
Ongoing new fixed assets	–	9,050	–
	7,453	**11,164**	**2,020**
Financial fixed assets			
Shares	6,293	7,511	7,800
	6,293	**7,511**	**7,800**
Total fixed assets	**91,623**	**166,421**	**119,819**
Current assets			
Inventory	–	1,348	–
Advance payments to suppliers	–	1,318	204
Accounts receivable	188	1,708	2,633
Other current assets	2,252	2,068	8,666
Prepaid expenses and accrued income	1,646	3,767	2,350
Cash and cash equivalents	19,922	23,077	71,672
Total current assets	**24,008**	**33,286**	**85,525**
TOTAL ASSETS	**115,631**	**199,707**	**205,344**
EQUITY AND LIABILITIES			
Equity			
Share capital	5,808	4,493	4,911
Rights issue, to be registered	–	–	888
Other contributed capitall	590,897	511,592	591,241
Accumulated profit or loss including profit/loss for the yeart	-529,653	-374,069	-453,442
Total equity	**67,052**	**142,016**	**143,598**
Long-term liabilities			
Other liabilities	28,888	30,488	29,758
Leasing liabilities	4,520	–	–
Total long-term liabilities	**33,408**	**30,488**	**29,758**
Current liabilities			
Liabilities to minority	–	20	–
Accounts payable	2,039	5,245	12,949
Leasing liabilities	1,425	–	–
Other liabilities	1,862	10,641	1,443
Accrued expensed and deferred income	9,845	11,297	17,596
Total current liabilities	**15,171**	**27,203**	**31,988**
TOTAL EQUITY AND LIABILITIES	**115,631**	**199,707**	**205,344**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Parent Company shareholders				
TSEK	Share capital	Rights issues under registration	Other contributed capital	Accumulated profit/loss incl. profit/loss for the year	Total equity
Opening balance Jan 1, 2018	**4,397**	**–**	**490,294**	**-333,319**	**161,372**
Period Jan-Sep 2018					
Net income/loss Jan-Sep 2018 equal to total comprehensive income	–	–	–	-40,750	-40,750
Total comprehensive income	**–**	**–**	**–**	**-40,750**	**-40,750**
Transactions with shareholders in their capacity as shareholders:					
Rights issues	61	–	19,411	–	19,472
Issue expenses	–	–	-748	–	-748
Warrants sold	–	–	588	–	588
Ending balance Sep 30, 2018	**4,458**	**–**	**509,545**	**-374,069**	**139,934**
Period Oct-Dec 2018					
Net income/loss Oct-Dec 2018 equal to total comprehensive income	–	–	–	-79,373	-79,373
Total comprehensive income	**–**	**–**	**–**	**-79,373**	**-79,373**
Transactions with shareholders in their capacity as shareholders:					
Rights issues	453	–	29,041	–	29,494
Rights issues, under registration	–	888	60,146	–	61,034
Issue expenses	–	–	-7,490	–	-7,490
Warrants sold and repurchased	–	–	-1	–	-1
Closing balance Dec 31, 2018	**4,911**	**888**	**591,241**	**-453,442**	**143,598**
Opening balance Jan 1, 2019	**4,911**	**888**	**591,241**	**-453,442**	**143,598**
Net income/loss Jan-Sep 2019 equal to total comprehensive income	–	–	–	-76,220	-76,220
Total comprehensive income	**–**	**–**	**–**	**-76,220**	**-76,220**
Transactions with shareholders in their capacity as shareholders:					
Rights issues	9	–	–	–	9
Rights issues, under registration	888	-888	–	–	–
Issue expenses	–	–	-342	–	-342
Warrants repurchased	–	–	-2	–	-2
Closing balance Sep 30, 2019	**5,808**	**–**	**590,897**	**-529,662**	**67,043**

CONSOLIDATED CASH FLOW STATEMENT

TSEK	Q 3 2019	Q 3 2018	9 months 2019	9 months 2018	FY 2018
Cash flow from operating activities					
Profit/loss after financial items	-7,539	-12,888	-76,211	-42,913	-122,286
Adjustments for non-cash items etc.	735	2,077	37,516	4,419	68,380
	-6,804	**-10,811**	**-38,695**	**-38,494**	**-53,906**
Increase/decrease in operating receivables	911	6,086	9,767	1,651	-1,993
Increase/decrease in operating liabilities	-6,535	-1,687	-19,737	1,288	5,343
Cash flow from change of working capital	**-5,624**	**4,399**	**-9,970**	**2,939**	**3,350**
Cash flow from operating activities	**-12,428**	**-6,412**	**-48,665**	**-35,555**	**-50,556**
Cash flow from investing activities					
Acquisition of intangible assets	-1,049	-3,640	-1,781	-13,147	-39,518
Acquisition of tangible assets	–	-9,143	–	-9,772	-760
Acquisition of financial assets	–	–	–	-1,000	-1,000
Merger by SunCool AB	–	–	–	803	803
Increase/decrease in long-term receivables	–	–	–	-1,005	-1,005
Cash flow from investing activities	**-1,049**	**-12,783**	**-1,781**	**-24,121**	**-41,480**
Cash flow from financing activities					
New capital issue, net of issue expenses	-41	2,004	-335	2,107	83,062
Amortizations of debts	–	-512	–	-512	-51
Change in long term leasing liabilities	-108	–	-539	–	–
Financing for development from European Union	–	–	–	9,321	9,321
Cash flow from financing activities	**-149**	**1,492**	**-874**	**10,916**	**91,871**
Cash flow for the period	**-13,625**	**-17,703**	**-51,319**	**-48,760**	**-165**
Cash equivalents at beginning of period	33,547	40,780	71,672	71,837	71,837
Cash equivalents at end of period	19,922	23,077	19,922	23,077	71,672

NOTES

NOTE 1 SIGNIFICANT ESTIMATES AND JUDGMENTS FOR ACCOUNTING PURPOSES

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

- **Intangible assets:** The largest reported asset in the SaltX balance sheet consists of capitalized expenditure for development work. These are attributable from June 30, 2019, after write-downs, to the underlying technology and the EnerStore application. An impairment test of this asset is based on an estimate and assessment of what the Company's technology may lead to in terms of future income and cash flows. Important factors for calculating these future values are volume growth, profit margin and discount rate. A significant change in important components in the calculation may mean that the balance sheet item needs to be adjusted.

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

NOTE 2 REVENUE

The Group has reported the following amounts in the income statement attributable to revenue (see below):

NOTE 3 FINANCIAL INSTRUMENTS

Financial assets valued at fair value via the statement of comprehensive result.

Stock market listed shares	Sep 30, 2019	Sep 30, 2018
Zhong Fa Zhan Holdings Ltd	6,293	7,800

The assets have been valued in level 1 in the true value chain.

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

REVENUE

	Q 3 2019	Q 3 2018	9 months 2019	9 months 2018	FY 2018
Revenue from agreements with customers	165	1,472	-674	4,793	6,464
Other revenue	2,427	–	5,849	1,196	4,024
Total revenue	**2,592**	**1,472**	**5,175**	**5,989**	**10,488**

The Group has revenues as specified below:

	Q 3 2019	Q 3 2018	9 months 2019	9 months 2018	FY 2018
Product sale	165	89	381	492	500
License and royalty revenue	–	53	-2,178	1,067	2,624
Development work	–	746	1,123	1,480	1,200
Consultancy services (technology)	–	584	–	1,754	2,140
Consultancy services (technology)	**165**	**1,472**	**-674**	**4,793**	**6,464**

License revenues relate to terminated license and collaboration agreements and thereby reimbursed license fees which was partly recognized as revenue. Revenue from development cooperation relates to payments from US partners within HeatBoost.

TRUE VALUE

	Jun 30, 2019		Jun 30, 2018	
	Carrying amount	Carrying amount	Carrying amount	Carrying amount
State Energy Agency	24,388	23,830	25,000	22,973

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

NOTE 4 TRANSACTIONS WITH AFFILIATES

No transactions with related parties have taken place in 2019 other than agreed compensation to Board of Directors and management.

NOTE 5 EFFECT OF THE INTRODUCTION OF IFRS 16 LEASES

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

The Group has applied IFRS 16 Leases from January 1, 2019, which resulted in changed accounting policies and adjustments in the amounts reported in the financial statements. In accordance with the transitional rules in IFRS 16, the Group has applied the simplified transition method and has therefore not recalculated the comparative figures. All rights of use are valued on the date of transition at an amount corresponding to the lease liability. At the transition, the following relief rules have been applied:

- Right of use assets have been classified according to asset class: office premises and vehicles. The assets are only found in Sweden.
- The right of use has been established with the help of subsequent knowledge regarding, for example, extension options and termination clauses.

The weighted average marginal loan rate used on the first day of application, January 1, 2019 was 6 percent.

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

Effect in the income statement
IFRS 16 has had a negligible impact on operating profit and earnings after financial items.

Effect in the cash flow statement
The transition to IFRS 16 has had an effect on cash flow for the first quarter of 2019 as the amortization of the leasing liability is recognized as part of financing activities instead of being included in operating activities. This means that cash flow from operating activities for the first quarter of 2019 is TSEK 1,295 higher, while cash flow from financing activities is TSEK 1,295 lower compared with if previous accounting principles were applied.

PARENT COMPANY INCOME STATEMENT

TSEK	9 months 2019	9 months 2018	FY 2018
NET SALES	**1,800**	**2,804**	**3,528**
Cost of goods sold	–	-133	-162
Other external costs	-3,786	-5,894	-7,307
Peronnel costs	-6,680	-4,649	-6,511
TOTAL OPERATING EXPENSES	**-10,466**	**-10,676**	**-13,980**
OPERATING RESULT	**-8,666**	**-7,872**	**-10,452**
Financial income	2,171	2,080	5,067
Financial expenses	-1,507	-376	-341
FINANCIAL ITEMS – NET	**664**	**1,704**	**4,726**
PROFIT BEFORE TAX	**-8,002**	**-6,168**	**-5,726**
Group contribution	–	–	-20,000
Income tax	–	2,070	2,070
PROFIT/LOSS FOR THE PERIOD	**-8,002**	**-4,098**	**-23,656**

PARENT COMPANY BALANCE SHEET

TSEK	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
ASSETS			
Anläggningstillgångar			
Participations in subsidiaries	197,270	97,270	197,270
Shares	6,293	7,511	7,800
Total fixed assets	**203,563**	**104,781**	**205,070**
Current assets			
Current receivables			
Accounts receivable	–	1,439	–
Other receivables	353	89	4,987
Accounts receivable from Group companies	74,723	123,695	32,552
Prepaid expenses and accrued income	361	284	196
Cash and bank deposits	16,220	11,923	64,581
Total current assets	**91,657**	**137,430**	**102,316**
TOTAL ASSETS	**295,220**	**242,211**	**307,386**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	5,808	4,493	4,911
Other contributed capital	–	–	888
	5,808	**4,493**	**5,799**
Non-restricted equity			
Share premium reserve	372,242	292,954	372,584
Retained earnings	-78,163	-54,507	-54,507
Profit/loss for the year	-8,002	-4,098	-23,656
	286,077	**234,349**	**294,421**
Total equity	**291,885**	**238,842**	**300,220**
Current liabilities			
Accounts payable	229	373	3,024
Other liabilities	392	192	758
Accrued expenses and deferred income	2,714	2,804	3,384
Total current liabilities	**3,335**	**3,369**	**7,166**
TOTAL EQUITY AND LIABILITIES	**295,220**	**242,211**	**307,386**

STATEMENT BY THE BOARD OF DIRECTORS AND THE CEO

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

Stockholm, October 31, 2019
Board of Directors

Åke Sund *Chairman*	Staffan Andersson *Board member*	Tony Grimaldi *Board member*
Elin Lydahl *Board member*	Tommy Nilsson *Board member*	Indra Åsander *Board member*

Carl-Johan Linér
CEO

Auditor's report

SaltX Technology Holding AB (publ) org nr 556917-6596

Introduction

We have reviewed the condensed interim financial information (interim report) of SaltX Technology Holding AB (publ) as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm October 31, 2019

Öhrlings PricewaterhouseCoopers AB

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

OTHER INFORMATION

CALENDAR

Extraordinary shareholders meeting	November 5, 2019
Year-end report 2019	February 21, 2020
Interim report Q1 2020	May 5, 2020
Interim report Q2 2020	August 25, 2020
Interim report Q3 2020	November 5, 2020
Year-end report 2020	February 18, 2021

ADRESS

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