SaltX Technology

SaltX Technology Holding AB (publ)

Year-end Report 2017

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 March 14, 2018.



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The picture on the front page is from the sun collector factory in China.

Year-end Report 2017

FINANCIAL EVENTS

Q4

- Net sales increased to MSEK 2.2 (0.3)
- Operating profit/loss (EBIT) totaled MSEK -8.7 (-6.5)
- Cash flow from operating activities amounted to MSEK -10.3 (-3.6)
- Earnings per share before and after dilution amounted to SEK -0.14 (-0.14)

Full year January - December

- Net sales increased to MSEK 5.3 (0.6). The increase is explained by higher income from cooperation agreements and new license
- Operating profit/loss totaled (EBIT) MSEK -28.5 (-35.8)
- Cash flow from operating activities amounted to MSEK -32.1 (-14.1)
- Earnings per share before and after dilution amounted to SEK -0.53 (-0.88)

SIGNIFICANT EVENTS

Q4

- The Swedish Energy Agency is financing SaltX projects and granted MSEK 5.0 to pilot projects for large-scale energy storage
- SaltX sold a license for gas heat pumps in China
- SaltX won a European gas heat pump project which is funded by SEK 20 million from the EU's Horizon 2020 program
- SaltX signed agreements with leading graphene technology companies in Europe

After the end of the period

- SaltX secured additional EU funding of MSEK 15 to accelerate the launch of HeatBoost in Europe
- Series production has started and the SunCool factory in China was opened in January
- The merger of SunCool AB and SaltX was completed in January
- SaltX and the specialty paper producer Ahlstrom-Munksjö has signed development and license agreement to jointly develop manufacturing method for SaltX material on graphene paper

"THE FIRST SUN-COOL SOLAR COLLECTORS HAVE BEEN MANUFACTURED AND DELIVERED... WE ARE NOW SHIFTING MARKETING OUTSIDE CHINA UP A GEAR, FOCUSING ON AFRICA AND INDIA."

READ MORE ON PAGE 4

KEY FIGURES*

Key figures, Group, TSEK	Q4 2017	Q4 2016	Full year 2017	Full year 2016
Net sales	2,220	257	5,300	596
Operating profit/loss (EBIT)	-8,657	-6,531	-28,515	-35,846
Earnings per share before and after dilution	-0.14	-0.14	-0.53	-0.88
Equity	161,372	88,381	161,372	88,381
Cash flow from operating activities	-10,260	-3,569	-32,090	-14,108
Equity ratio (equity/balance sheet total)	78%	69%	78%	69%

** SaltX has in this report adopted new accounting policies, IFRS.*

CEO's address

SaltX is continuing to make progress at a very rapid rate and we have gained very good acceptance in the market — both from our partners and customers.

The deal with Ahlstrom-Munksjö last week provides SaltX with credibility and the ability to deliver the large volumes of SaltX material that the energy storage market is forecast to demand — we now have access to scalable production without having to invest large amounts in our own production facilities. The production method is based on the graphene super material that we have managed to secure from one of the very few producers of this material in Europe.

SERIES PRODUCTION

Another important event is the series production of SunCool that has started. The 25,000 square meter factory in China was opened on January 24 with great pomp and ceremony. The first 100 SunCool solar collectors have been manufactured and delivered. With the recruitment of a new business area manager for SunCool, we are shifting marketing outside China up a gear, focusing on Africa and India.

It is also of significance that the technology transfer to Stjernberg and the Chinese company TUS Holding has started, and low-cost manufacturing in China for HeatBoost components is expected to start according to plan at the end of Q2. The funding for a total of around MSEK 35 from EU H2020 and InnoEnergy means that we are well equipped to roll out HeatBoost in Europe until the time the EU introduces more stringent rules for energy efficiency requirements in 2019, for increased efficiency in heat pumps. These EU grants are confirmation that SaltX is positioned very well in competition with other similar European development companies.

FIELD TRIALS

Field trials with Rheem and NEEA in the USA are expected to be started in the first half of 2018 while the tests in Europe with Öresundkraft, among others, are planned for the second half of the year, and this will happen as soon as agreements have been signed with European heat pump manufacturers.

The first phase of the project with the Chinese wind power supplier Goldwind is completed and we are now awaiting approval of the financing for the demonstration facility at Goldwind's Science & Technology Park in Beijing. For other partners — Aalborg CSP and Impacts Solar — the goal is still to secure a commercial pilot plant in 2018.

THE CONSTRUCTION IN BERLIN BEGINS

The construction of the pilot plant at Vattenfall in Berlin, within EnerStore, has been completed according to plan and the purchase and later mounting has begun. We

"WE NOW HAVE ACCESS TO SCALABLE PRODUCTION WITHOUT HAVING TO INVEST LARGE AMOUNTS IN OUR OWN PRODUCTION FACILITIES."

CEO's address (cont.)

expect construction of the plant to be completed after the summer, after which installation and commissioning will take place in the second half of 2018.

STRENGTHENED FOR THE FUTURE

The management and, above all, the commercial team have been strengthened. In total, we now have more than 30 employees, an increase of roughly 30 percent. The launch of SaltX LABS and our first Hackathon in early February at Norrsken House was a big success. In addition to strong partners and sponsors such as Vattenfall and Swedbank, we managed to attract several hundred participants, of which the three winning team solutions have the capacity to become new potential applications for SaltX. LABS is a long-term strategic venture that secures our innovation platform, but perhaps most importantly — the supply of talent.

It is obvious that energy storage is on "everyone's radar" and which technology will "win" is being vigorously debated. There will be a need for a number of different forms of energy storage — both electrical and thermal. I see batteries, for example, as a good complement to SaltX, where power peaks — for minutes or hours — are stored in batteries, while the large amounts of energy — in days, weeks or months — are stored in the SaltX solution.

Overall, competition in the energy storage market will increase. Therefore, it feels very good that we are well funded and well positioned with world-leading technology protected by a strong patent portfolio, and with reputable partners and customers who pay, as well as a strengthened team that can implement our business plan!

Stockholm March, 2018
Karl Bohman, CEO



SALTX HACKATHON 2018



SaltX Hackathon is part of SaltX open innovation platform: www.saltxlabs.com. Entrepreneurs are able to use SaltX patents to develop their own applications and businesses.

Housing and Digitization Minister Peter Eriksson, here with SaltX CEO Karl Bohman, came by Day 2 as a secret guest and told the participants about the importance of new innovative energy solutions in the market.

The participants were both innovators, students from Sweden's technical colleges, creators and experienced entrepreneurs.





Below: The three winning teams will develop a sauna with built-in salt energy storage, a stove powered by the sun for developing countries and heating of batteries in electric cars for cold climates.







Left-hand image: One of the winning teams has access to a Tesla to implement its solution.

Right image: Intensive jury work was required from for instance Karin Byman from IVA, Markus Hökfelt, Almi Invest GreenTech and Göran Bolin, Founder & CTO at SaltX to appoint the winner of the year.

Significant events

....DURING Q4

SaltX won the E-prize awarded by E.ON and Veckans Affärer



In October, SaltX Technology won the E-prize awarded by E.ON and Veckans Affärer in the Renewable Energy category and Folkets Pris where SaltX received over 66 percent of the votes. "The award goes to the very smartest Swedish energy innovations in the categories of renewable energy, energy efficiency and sustainable transport," the business magazine Veckans Affärer noted.

The Swedish Energy Agency is financing SaltX projects and granted MSEK 5.0 to pilot projects for large-scale energy storage

The Swedish Energy Agency approved SaltX Technology's application for the project "Verification and demonstration of unique energy storage materials in large-scale pilot plant". The project is being carried out with Vattenfall, Göteborg Energi and Öresundskraft. The contribution amounts to MSEK 5.3. The pilot plant will be built in Vattenfall's district heating network in Berlin and be used to verify and demonstrate full-scale SaltX EnerStore technology under actual operating conditions.

SaltX sold a licence for gas heat pumps in China – Stjernberg Automation and TUS Holding are investing in joint manufacturing companies

SaltX signed a licensing and cooperation agreement with Stjernberg Automation AB and with the Chinese joint venture TUS Stjernberg Technology Co. Ltd. The agreement means that Stjernberg pays SaltX MSEK 13 for exclusive rights to manufacture and sell SaltX HeatBoost components in China. The sum includes technical support from SaltX for two years and will be paid in four parts, providing that defined volume and cost targets are met, of which the first part has been paid.

SaltX won a European gas heat pump project – This is funded by MSEK 20 from the EU's Horizon 2020 program

SaltX was awarded funding of MSEK 20 from the EU Commission's Horizon 2020 program which is aimed at SMEs. The purpose is to demonstrate the SaltX concept for gas heat pumps in Europe, and that it is easy for large manufacturers of gas boilers to incorporate SaltX technology. Preparations for formal signing of the grant agreement are underway.

SaltX signed an agreement with a leading graphene technology company in Europe – The super material can increase SaltX performance fivefold

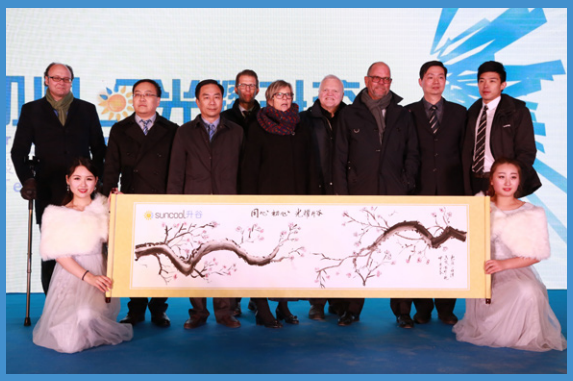
SaltX signed a collaboration agreement with one of the few graphene companies in Europe that has the capacity and knowledge to manufacture the carbon-based super graphene material. By using graphene, SaltX has been able to demonstrate that the thermal conductivity, and hence performance, in the SaltX material increases almost fivefold.

Significant Events
(cont.)

... AFTER THE END OF THE PERIOD

SaltX secured further EU financing – Receives MSEK 15 to accelerate the launch of HeatBoost in Europe

SaltX was awarded a further MSEK 15 in funding from InnoEnergy, which is part of the European Institute of Innovation and Technology. The funds will be used to accelerate the launch of the SaltX HeatBoost solution in the European market.



Series production has started and the SunCool factory in China was opened in January

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

Merger of SunCool AB

SunCool is an affiliated company (see note 3 Transactions with affiliated companies). The two companies, SaltX Technology Holding and SunCool, decided in September 2017 to propose to shareholders that the companies should be merged. The merger was decided at extraordinary general meetings and approved by the Swedish Companies Registration Office. The merger was completed in January 2018 and SunCool's operations are part of SaltX from that date. IP rights and the license agreement with NSECT have been transferred to the subsidiary SaltX Technology AB (formerly ClimateWell) at market value. SaltX issued 733,193 shares in payment for the merger, representing a 1.3 percent dilution, to the old shareholders in SunCool as payment for the company's net assets (see note 5 Events after the balance sheet date).

SaltX and the specialty paper producer Ahlstrom-Munksjö has signed development and license agreement to jointly develop manufacturing method for SaltX material on graphene paper.

A strategic collaboration with specialty paper producer Ahlstrom-Munksjö has been initiated. The companies will develop a large-scale manufacturing method where paper is coated with the wonder material graphene. The graphene-coated paper will act as carrier of SaltX patented Nano Coated Salt, increasing the heat conductivity of the SaltX material significantly.

The method to manufacture SaltX energy storage material on paper reduces the cost significantly compared to existing technique. It also enables an industrial and scalable production of SaltX material.

Business activities

SaltX Technology is a Swedish innovation company that develops and sells patented energy storage technology, which is marketed under the brand SaltX™. Customers consist mainly of major global OEM players, such as Alfa Laval, Mobile Climate Control "MCC" and Rheem and energy companies such as Vattenfall, Öresundkraft and Goldwind.

The technology makes it possible to store energy in salt to extract it later in the form of heat and / or cooling. This enables more efficient energy utilization and considerable energy savings, with reduced costs and reduced emissions as a result. The technology also allows for a more flexible use of energy from renewable energy sources, where the challenge has previously been just the possibility of storage. As the use of renewable energy sources increases, it becomes increasingly important to be able to save energy in a cost-effective manner to exploit it.

GLOBAL OEM CUSTOMERS

The customers consist mainly of large so-called OEM Equipment (Original Equipment Manufacturers) and component suppliers. Integrating the SaltX technology into their respective heat and cooling products (heat pumps, thermal collectors and air conditioning systems) enables major energy and cost savings.

FOCUS ON FOUR APPLICATION AREAS

SaltX Technology's technology can be applied in a wide range of applications. Currently, the focus is on four applications:

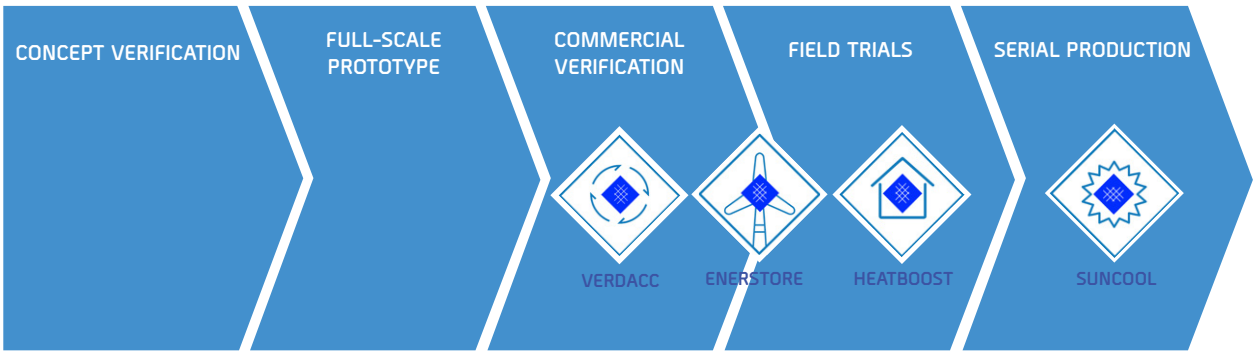
- Thermal solar collectors with built-in heat and cold for buildings (**SunCool**),
- Gas-powered heat pumps for heating and heating of homes (**HeatBoost**),
- Heat-driven refrigeration in trucks and heavy duty vehicles (**VerdAcc**) as well;
- Storage of renewable energy (**EnerStore**).

In the case of thermal collectors, SunCool, operations and a factory are being established with a local partner in China. For HeatBoost the focus is on preparing and performing field trials, industrialization and commercialization. The application VerdAcc is being tested and commercially verified. While EnerStore is in process of being commercially verified and the implementation of the first large-scale pilot installation is on-going.

BUSINESS MODELL

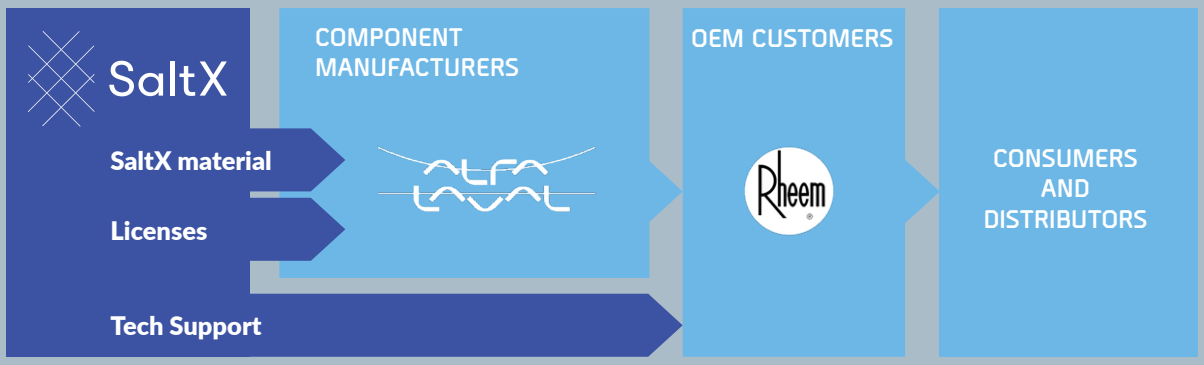
SaltX business model consists of three-part sales; SaltX materials, licenses and support. The largest future revenue source is the patented material SaltX, as well as the license to use this.

DEVELOPMENT STEPS



BUSINESS	APPLICATION	STATUS
SunCool	Thermal solar collectors with integrated heating and cooling for buildings.	Serial production started. Commercial launch ongoing.
HeatBoost	Gas-driven heat pumps for hot water and domestic heating.	Commercial verification ready. Field trials in the US and Europe start in the first and second half of 2018 respectively.
VerdAcc	Heat-driven cooling in trucks and heavy duty vehicles.	Commercial verification ongoing. Field trials is planned for the end of 2018.
EnerStore	Storage of renewable energy.	Commercial verification ready. Construction of pilot ready. Field trials start during the second half of 2018.

BUSINESS MODEL



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

Financial overview

OCTOBER-DECEMBER – Q4

INCOME, EXPENSES AND EARNINGS

Operating income
Net sales for the quarter totaled TSEK 2,220 (257). The increase is explained by higher income from cooperation agreements and licenses.

Expenses
Expenses during the year amounted to TSEK -17,712 (-10,078), broken down as other external expenses TSEK -9,884 (-4,303), personnel expenses -7,580 (-5,334), and depreciation of fixed assets TSEK -248 (-441). The increase in costs reflects the expansion in organization that is in progress in order in to meet the increased interest from partners and potential customers that SaltX solution is receiving.

Operating profit/loss (EBIT)
Operating profit/loss (EBIT) was TSEK 8,657 (-6,531)

Financial items
Result from financial items totaled TSEK 1,144 (452) and consists primarily of interest on receivables from SunCool AB from the sale of licensing rights in 2015.

Profit/loss
Profit/loss before tax was TSEK -7,513 (-6,079). Earnings per share before and after dilution amounted to SEK -0.14 (-0.14).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow and liquidity
Cash flow from operating activities in the quarter was TSEK -10,260 (-3,569). Group cash equivalents at year-end totaled TSEK 71,837 (18,812).

Long-term receivables
Long-term receivables amounted to TSEK 30,210 (28,455) and consist of outstanding receivables including interest from the sale in 2015 of licensing rights to SunCool AB. The merger with SunCool AB which took place in January 2018 meant that SunCool's balance sheet items are included in the SaltX Group in their entirety from 2018, see also note 5.

Regarding loan from Swedish Energy Agency, it is the assessment of the company that amortizations will begin in year 2019 depending on the timing of fulfillment of the criteria for commercialization. A dialogue is ongoing with the agency regarding this.

Long-term liabilities
Long-term liabilities totaled TSEK 31,093 (29,029) and consisted of loans from the Swedish Energy Agency for TSEK 25,000 and Almi Företagspartner for TSEK 6,000, as well as deferred tax liabilities.

Investments
During the quarter, investment

were made that impacted cash flow by TSEK -7,177 (-3,771), primarily capitalized development expenditure.

JANUARY – DECEMBER – FULL YEAR

INCOME, EXPENSES AND EARNINGS

Operating income
Net sales for the year totaled TSEK 5,300 (596). The increase is explained by higher income from more cooperation agreements and part of license revenue from Stjernberg Automation, but also because 2016 was charged with a reversal of income from a discontinued cooperation project with the UK company, ETI.

Expenses
Expenses during the year amounted to TSEK -51,316 (-51,018), broken down as 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 refers to costs from the merger between ClimateWell and SaltX, see also note 6.

Operating profit/loss (EBIT)
Operating profit/loss was TSEK -28,515 (-35,846).

Financial items
The result from financial items amounted to TSEK 1,736 (1,667) and consists primarily of interest on receivables from SunCool AB from the sale of licensing rights in 2015.

Profit/loss
Profit/loss before tax was TSEK -26,779 (-34,179). Earnings per share before and after dilution amounted to SEK -0.53 (-0.88).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow and liquidity
Cash flow from operating activities amounted to SEK -28,490 (-14,108) for the full year.

The cash position of the Group amounted to TSEK 71,837 (18,812) at the end of the year and was strengthened by rights issue in may 2017.

Investments
During the quarter, investment were made that impacted cash flow by TSEK -20,319 (-852), primarily capitalized development expenditure. The previous year included the contribution in the form of net assets in the new par-

DEVELOPMENT PER QUARTER

Key figures, Group, per quarter

TSEK	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Net sales	257	577	1,416	1,087	2,220
Operating profit/loss (EBIT)	-6,531	-5,952	-5,951	-7,955	-8,657
Cash flow from operating activities	-3,569	-5,853	-3,317	-9,060	-10,260
Earnings per share, SEK	-0.14	-0.12	-0.12	-0.15	-0.14

ent company SaltX in the reverse acquisition.

Equity
Equity at the end of the period totaled TSEK 161,372 (88,381) or SEK 2.94 (1.97) per share. Financial position and cash situation were strengthened significantly in May 2017 through an oversubscribed cash issue which contributed close to MSEK 100 net to the company. The equity ratio at the end of the year was 78 (69) percent.

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

Profit/loss before tax was TSEK -2,019 (-3,515). The parent company's disposable funds at year-end totalled 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, of 8,950,291 shares, corresponding to a 16.7 percent dilution, was completed at a price of SEK 11.20, which provided the company with MSEK 92 after deduction of costs for implementation, primarily underwriting fees. The new capital issue was oversubscribed by almost 50 percent.

During the year, the conversion of warrants to shares has been carried out whereby 1 266 804 shares have been issued and the MSEK 6.0 of new capital was injected into the company.

SHARES
Shares in SaltX are listed on Nasdaq First North.

Warrants
Share warrants have also been issued in connection with the new capital issues during 2016 when shares and share warrants have been issued as one "unit". At the same time, just over 16 million warrants have been issued that with full subscription should bring in around MSEK 20 through the subscription of 4,297,153 shares, where each warrant gives the right to 0.2651 shares, by October 31, 2018 at the latest. The strike price is SEK 4.72 per share after adjustments have been made to the preferential rights issue in May 2017.

CHANGE IN SHARE CAPITAL IN 2017

	Change Share Capital	Accumulated Share Capital	Change nr of shares	Accumulated nr 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
New capital issue May 2017	716,023.28	4,296,139.92	8,950,291	53,701,749
Capital stock issue by warrants TO2 2017	101,344.32	4,397,484.24	1,266,804	54,968,553

As at December 31, owners of warrants corresponding to 1,266,804 shares had requested to convert warrants to shares and these shares have been issued. The remaining warrants correspond to 5.2 percent dilution. SaltX has obtained MSEK 6.0 MSEK (net after deduction of transaction costs).

Warrants TO 2	Number of warrants	Number of shares
Number issued	16,210,500	4,297,153
Exercised 2017	-4,778,265	-1,266,804
Remaining	11,432,235	3,030,349

Incentive programs

The Annual General Meeting in April 2017 decided to authorize the Board to issue 750,000 warrants which were offered to management and other personnel, primarily new employees, in the Group. This program was launched in September 2017. One warrant equates to one (1) share, subscription can take pace in June 2020 and the strike price was set on the day of issue at 150 percent of the applicable share price. These shares correspond to a 1.3 percent potential dilution. As of December 31, 415,000 warrants had been acquired at market price by employees.

The AGM in April 2016 also decided to issue 1.5 million warrants to be offered to senior management and all employees in the Company, partly to replace existing programs in ClimateWell. Of these warrants. employees have acquired 483,000 at market price. In May 2017, a preferential rights issue was implemented which affected the warrant terms and conditions. One warrant equates to 1.06 shares, subscription can be made in June 2019, and the strike price is SEK 4.72 per share. At full utilization, the Company will receive MSEK 7.5. These shares correspond to a 2.7 percent potential dilution.

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), additional shares that existed in SaltX at the time of acquisition and additional shares that were added through cash issues during the year. When calculating the number of shares after full dilution, the additional shares issued from warrant programs implemented have been taken into account, however, this has not given any effect because the result is negative.

The number of current outstanding shares was 54 968 553 shares as at December 31.

As per December 31, 2017, 720 shares were not yet subscribed for from the merger of SaltX and former ClimateWell, which is why a liability of SEK 29 thousand has been recognized related to the ongoing exercise process.

Significant risks and uncertainties

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

DATA PER SHARE

SEK	Q4 2017	Q4 2016	Full year 2017	Full year 2016
Earnings per share before dilution	-0.14	-0.14	-0.53	-0.88
Earnings per share after dilution	-0.14	-0.14	-0.53	-0.88
Equity per share	2.94	1.97	2.94	1.97
Cash flow per share	-0.29	-0.17	1.17	0.38

can be divided into market-related, operations-related and financial risks. See also the Company's annual report on its website.

Accounting policies

The consolidated financial statements for the SaltX Technology Holding AB Group have been prepared in accordance with International Financial Reporting Standards (IFRS) such as they have been adopted by the EU, RFR 1 Supplementary Accounting Rules 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's 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 applies all of the IFRS and statements adopted by the EU as far as this is possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and in consideration of 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.

This interim report is the first report for SaltX which has been 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 of the statement of comprehensive income and balance sheet on the 2016 financial year and the period October – December 2016 are presented separately on pages 22 – 44 after the financial statements.

Consolidated statement of comprehensive result – summary

TSEK	Q4 2017	Q4 2016	Full year 2017	Helår 2016
Net sales	2,220	257	5,300	596
Work performed by the Company for its own use and capitalized	6,640	3,224	17,229	11,629
Other operating income	195	66	272	2,947
TOTAL	**9,055**	**3,547**	**22,801**	**15,172**
Other external costs	-9,884	-4,303	-25,419	-16,279
Personnel costs	-7,580	-5,334	-24,995	-18,173
Depreciation and impairment of fixed assets	-248	-441	-902	-1,428
Other operating expenses	-	-	-	-15,138
TOTAL OPERATING EXPENSES	**-17,712**	**-10,078**	**-51,316**	**-51,018**
OPERATING PROFIT/LOSS	**-8,657**	**-6,531**	**-28,515**	**-35,846**
Financial income	1,147	450	1,760	1,673
Financial expenses	-3	2	-24	-6
FINANCIAL ITEMS - NET	**1,144**	**452**	**1,736**	**1,667**
PROFIT BEFORE TAX	**-7,513**	**-6,079**	**-26,779**	**-34,179**
Income tax expense	-17	-69	-64	-29
PROFIT/LOSS FOR THE PERIOD	**-7,530**	**-6,148**	**-26,843**	**-34,208**
Earnings per share calculated on earnings attributable to parent company shareholders, SEK				
Earnings per share before dilution	-0.14	-0.14	-0.53	-0.88
Earnings per share after dilution	-0.14	-0.14	-0.53	-0.88

In the Group there are no items accounted for in other comprehensive result and therefore the total comprehensive result corresponds to the profit/loss for the period. The profit/loss for the period and the total comprehensive result is in its entirety attributable to parent company shareholders.

Consolidated balance sheet - summary

TSEK	31 Dec 2017	31 Dec 2016
ASSETS		
Fixed assets		
Intangible assets		
Capitalized expenditure for development work	91,300	75,268
Patents and trademarks	2,038	1,654
	93,338	**76,922**
Tangible assets		
Equipment, tools, and installations	1,711	466
	1,711	**466**
Financial fixed assets		
Other long-term receivables	30,210	28,455
	30,210	**28,455**
Total fixed assets	**125,259**	**105,843**
Current assets		
Advance payments to suppliers	95	–
Accounts receivable	4,315	244
Other current assets	2,226	1,238
Prepaid expenses and accrued income	4,364	2,330
Cash and cash equivalents	71,837	18,812
Total current assets	**82,837**	**22,624**
TOTAL ASSETS	**208,096**	**128,467**
EQUITY AND LIABILITIES		
Equity		
Share capital	4,397	3,579
Other contributed capital	490,294	391,278
Accumulated profit or loss including profit/loss for the year	-333,319	-306,476
Total equity	**161,372**	**88,381**
Long-term liabilities		
Other liabilities	31,000	29,000
Deferred tax liabilities	93	29
Total long-term liabilities	**31,093**	**29,029**
Current liabilities		
Liabilities to minorityt	29	251
Accounts payable	4,163	2,253
Other liabilities	804	336
Accrued expenses and deferred income	10,635	8,217
Total current liabilities	**15,631**	**11,057**
TOTAL EQUITY AND LIABILITIES	**208,096**	**128,467**

Consolidated statement of changes in equity

	Attributable to Parent Company shareholders			
TSEK	**Share capital**	**Other contributed capital**	**Accumulated profit or loss including profit/ loss for the year**	**Total equity**
Opening balance 1 Jan 2016	**19,799**	**325,110**	**-272,747**	**72 162**
Net income/loss for the year plus total comprehensive income	–	–	-34,208	-34,208
Total comprehensive income	**–**	**–**	**-34,208**	**-34,208**
Transactions with shareholders in their capacity as owners:				
Effect of reverse acquisition	-17,201	43,140	–	25,939
Registration of share capital issue for non-cash consideration	162	-162	–	–
Transactions with minority	–	-251	–	-251
Cash issue	560	20,440	–	21,000
Issue expenses	–	-1,702	–	-1,702
Offset capital issues	259	4,416	–	4,675
Share-based payment	–	–	479	479
Warrants sold	–	287	–	287
Closing balance 31 Dec 2016	**3,579**	**391,278**	**-306,476**	**88,381**
Net income/loss for the year plus total comprehensive income	–	–	-26,843	-26,843
Total comprehensive income	**–**	**–**	**-26,843**	**-26,843**
Transactions with shareholders in their capacity as owners:				
Capital stock issues	818	105,601	–	106,419
Issue expenses	–	-7,669	–	-7,669
Warrants sold	–	1,084	–	1,084
Closing balance 31 Dec 2017	**4,397**	**490,294**	**-333,319**	**161,372**

Consolidated Cash Flow Statement

TSEK	Q4 2017	Q4 2016	Full year 2017	Full year 2016
Cash flow from operating activities				
Profit/loss after financial items	-7,513	-6,079	-26,779	-34,179
Adjustments for non-cash items etc.	248	175	902	16,382
	-7,265	**-5,904**	**-25,877**	**-17,797**
Increase/decrease in operating receivables	-4,886	-912	-7,187	3,279
Increase/decrease in operating liabilities	1,891	3,247	4,574	410
Cash flow from change in working capital	**-2,995**	**2,335**	**-2,613**	**3,689**
Cash flow from operating activities	**-10,260**	**-3,569**	**-28,490**	**-14,108**
Cash flow from investing activities				
Acquisition of intangible assets	-6,228	-3,221	-17,073	-10,160
Acquisition of tangible assets	-500	-145	-1,491	-349
Acquisition of subsidiaries	–	–	–	10,992
Increase/decrease in long-term receivables	-449	-405	-1,755	-1,335
Cash flow from investing activities	**-7,177**	**-3,771**	**-20,319**	**-852**
Cash flow from financing activities				
New capital issue	1,753	-347	99,834	24,259
Borrowings	-	-	2,000	4,000
Cash flow from financing activities	**1,753**	**-347**	**101,834**	**28,259**
Cash flow for the period	**-15,684**	**-7,687**	**53,025**	**13,299**
Cash equivalents at beginning of period	87,521	26,499	18,812	5,513
Cash equivalents at end of period	71,837	18,812	71,837	18,812

Parent Company Income Statement

TSEK	Full year 2017	Full year 2016
Operating income		
Net sales	2,400	–
TOTAL OPERATING INCOME	**2,400**	**–**
Operating expenses		
Other external costs	-4,530	-3,372
Personnel costs	-1,716	-355
TOTAL OPERATING EXPENSES	**-6,246**	**-3,727**
Result from financial items		
Interest income and similar income	1,827	212
FINANCIAL ITEMS - NET	**1,827**	**212**
PROFIT/LOSS BEFORE TAX	**-2,019**	**-3,515**
PROFIT/LOSS FOR THE YEAR	**-2,019**	**-3,515**

Parent Company Balance Sheet

TSEK	31 Dec 2017	31 Dec 2016
ASSETS		
Participations in subsidiaries	97,261	97,039
Total fixed assets	**97,261**	**97,039**
Current assets		
Other receivables	1,005	261
Accounts receivable from Group companies	55,734	14,212
Prepaid expenses and accrued income	604	53
Cash and bank deposits	70,250	15,231
Total current assets	**127,593**	**29,757**
TOTAL ASSETS	**224,854**	**126,796**
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	4,397	3,579
	4,397	**3,579**
Non-restricted equity		
Share premium reserve	272,272	174,340
Accumulated profit or loss	-52,488	-48,973
Profit/loss for the year	-2,019	-3,515
	217,765	**121,852**
Total equity	**222,162**	**125,431**
Current liabilities		
Accounts payable	704	452
Other current liabilities	379	–
Accrued expenses and deferred income	1,609	913
Total current liabilities	**2,692**	**1,365**
TOTAL EQUITY AND LIABILITIES	**224,854**	**126,796**

Summary of significant accounting policies

The paragraph contains a list of the significant accounting policies applied when preparing these consolidated financial statements. The policies have been applied consistently for all years presented, unless stated otherwise. The consolidated financial statements include the legal parent company, SaltX Technology Holding AB (publ), and its subsidiaries.

(a) BASIS FOR THE PREPARATION OF REPORTS

(i) Agreement with IFRS

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

This interim report is the first consolidated report for SaltX Technology Holding AB which has been prepared in accordance with IFRS. Historical financial information has been recalculated from January 1, 2016, which is the date of transition to IFRS accounting.

(ii) Cost method

The consolidated financial statements have been prepared according to the cost method.

(iii) New and revised standards that have not yet been applied by the Group

A number of new standards and interpretations come into force for financial years that begin after January 1, 2018 or later, and have not been applied in the preparation of this financial report. Below is a preliminary assessment of effects of the standards deemed to be relevant to the Group:

IFRS 9 Financial instruments, deals with the classification, valuation and reporting of financial assets and liabilities and introduces new rules for hedge accounting. The full version of IFRS 9 was issued in July 2014. It replaces those 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 January 1, 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, analyses regarding the classification and valuation of the Group's financial instruments were carried out in connection with the transition to IFRS. Following these analyses, it has been established that the new classification and valuation rules will not significantly affect the Group's financial position on 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, and which takes into account forward-looking information. Historically, the Group has low credit losses on accounts receivable and other receivables, which means that credit losses also based on remaining maturity are very low in SaltX. For this reason, impairment testing of accounts receivable and other receivables is not expected to have any significant effect in connection with transition to IFRS 9.

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 comply with disclosure requirements in the revised IFRS 7.

IFRS 15 Revenue from Contracts with Customers deals with how revenue recognition should be implemented. IFRS 15 supersedes IAS 18 Revenue and IAS 11 Construction Contracts and associated SIC and IFRIC.

The policies that IFRS 15 is based on will provide users of financial statements with more useful information about the company's revenue. The increased disclosure obligation means that information must be disclosed about revenue types, timing of regulation, uncertainties linked to revenue recognition and cash flow attributable to the Company's customer contracts. A revenue must be reported in accordance with IFRS 15 when the customer obtains control of the sold item or service and is able to use and receive the benefit from the goods or services.

IFRS 15 will be applied by the Group for the financial year beginning January 1, 2018. The Group has opted to apply the standard retroactively, that is to say it also report the 2017 comparative year in accordance with IFRS 15. During autumn 2017, in connection with the work to transition to IFRS, analyses and valuations of the effects of the introduction of IFRS 15 have been concluded. Based on the potential differences between the accounting policies currently applied and IFRS 15 that have been established during the analysis, follow-up and analyses of the Group's contracts with customers have been carried out. Evaluation and analysis have been done by charting and analysing the significant customer contracts in the Group. The various performance commitments in these contracts have been identified and analysed 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, nor on equity as of January 1, 2017 or in the earnings for the 2017 financial year.

A project is in progress to analyse what additional information may be required to comply with disclosure requirements in IFRS 15 that need to be presented in the Annual Report for 2018.

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 allowed and the standard has been adopted by the EU. The standard will primarily affect recognition of the Group's operating leases. At the end of the reporting period, the Group's non-cancellable operating leases total TSEK 11 544.

The Group has not yet evaluated the effects of the standard.

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

(b) CONSOLIDATED FINANCIAL STATEMENTS

(i) Subsidiaries

Subsidiaries are defined as all companies over which the Group exerted a controlling influence. The Group has controlling influence over a company when it is exposed to or is entitled to variable returns from its shareholding in the company and is able to affect the return through its controlling influence in it. Subsidiaries are included in the consolidated financial statements as of the date when the controlling influence is transferred to the Group. Subsidiaries are excluded from the consolidated financial statements as of the date when the controlling influence ceases to apply.

Intra-group transactions, balance sheet items and unrealized gains and losses on transactions between group companies are eliminated. Intra-group losses can be an indication of impairment which must be included in the consolidated financial statements. The accounting policies for subsidiaries have been amended, where necessary, to ensure consistent application of the Group's policies.

(c) SEGMENT REPORTING

The chief executive decision-maker for SaltX is the CEO as this position is primarily responsible for allocating resources and evaluating results. The following has been decisive when assessing whether there is more than one operating segment in SaltX:

- The same technology forms the basis for development activities

in SaltX, with only one business activity being carried out within the Group.
- Operating profit/loss is not the basis for resource allocation and decision-making at a lower level than at overall level for the Group.

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

(d) TRANSLATION OF FOREIGN CURRENCIES

(i) Functional currency and reporting currency

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

(ii) Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency at exchange rates on the date of transaction or on the date when the transaction was revalued. Exchange rate gains and losses arising from the payment of such transactions and from the translation of monetary assets and liabilities in foreign currency at the closing date exchange rate, are recognized in the income statement.

Foreign exchange gains and losses relating 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.

(e) REVENUE RECOGNITION

Revenue is recognized at the fair value of the consideration received or receivable, and corresponds to the amounts received for goods sold after deduction of discounts, returns and value added tax.

The Group reports an income when its amount can be measured reliably, it is likely that future financial benefits will accrue to the Company and specific criteria have been met for each of the Group's operations as described below.

Sale of services – Consultancy services

Time of recognition: The sale of consultancy services is based on current account. For service assignments on current account, the revenue attributable to providing the service is recognized as revenue in line with the work performed and materials supplied or consumed.

Sale of management services

Time of recognition: The sale of management services has taken place in 2016 and consists of an indefinite number of activities during this period. Revenue from the sale of management services

is reported linearly over this period of time.

Licensing

Licensing refers to a customer's right to an intellectual property right in the form of the SaltX technology. The license is valid for a specific market and/or to 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 concerns one of SaltX's intellectual property assets meaning 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 (in accordance with revenue standard IAS 18):

- The Company has transferred the significant risks and benefits associated with ownership of the goods to the buyer.
- The Company does not retain such commitment in the ongoing management that is usually associated with ownership and the Company does not exercise any real control over the product sold.
- Revenue can be calculated in a reliable manner.
- It is probable that the economic benefits that are 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 in a reliable manner.

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

Payments received when a licensing agreement is entered into will be recognized as revenue unless any reservation is made in the agreement with the counterparty and it is deemed in accordance with that stated above that the license has been 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 the time that all the above criteria are met. Any additional payment will be recognized as income when it is possible to measure this additional revenue in a reliable manner.

Revenue received in the form of non-recurring payments and related 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 payment relates to services, income is reported as the work is performed.

Development cooperation

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 on the basis of the completion rate

at the end of the reporting period. The completion rate is determined on the basis of the services performed at the end of the reporting period in proportion to what is to be done in total (the percentage of completion method).

Measurement of revenue: Estimations of revenue, expenditure or degree of completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or expenditure are reflected in the income statement in the period when the circumstances that give rise to the revision became known to the management.

Contracts related to development cooperation refer 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 general public.

(f) PUBLIC FUNDING

Public grants are reported at fair value as there is reasonable certainty that the grants will be received and the Group will meet the conditions associated with the grants. During the financial year 2016 public grants occurred for projects that were not capitalized (such as EU's LIFE) and therefore these grants were accounted for as other operating income. During 2017, there have been only grants relating to intangible assets.

(g) CURRENT AND DEFERRED TAX FOR THE PERIOD

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

The current tax expense is calculated on the basis of the tax rules that have been decided or adopted in practice in the countries where the Parent Company and its subsidiaries operate and generate taxable income. Management regularly evaluates the claims made in tax returns concerning situations where applicable tax rules are subject to interpretation. Provisions are made, when appropriate, for amounts likely to have to be paid to the tax authorities.

Deferred tax is recognized on all temporary differences that arise between the tax base of assets and liabilities and their value is recognized 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 liabilities and assets are not recognized either if it arises from a transaction which 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 either the actual net earnings nor the earnings for tax purposes. Deferred income tax is calculated on the basis of the tax rates (and tax laws) that have been decided or notified as at balance sheet date and which are expected to apply when the deferred tax liability in question is realized or cleared.

Deferred tax assets are reported to the extent that future profits are likely to be available for tax purposes, against which the temporary differences can be utilized.

Deferred taxes that relate to temporary differences attributable to investments in subsidiaries, are recorded only to the extent that the parent company is able to control the timing of the reversal of the temporary differences and where it is probable that such a reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legal right of set-off for current tax receivables and tax liabilities and when deferred tax assets and tax liabilities relate to taxes levied by one and the same tax authority and concern either the same taxpayer or different taxpayers, where there is an intention to settle the balances through net payments.

Current and deferred tax is recognized is recognized in the income statement except where the tax is attributable to items recognized in other comprehensive income or directly against equity. In such cases, the tax amounts will also be recognized in other comprehensive income or directly against equity.

(h) LEASING

Leasing where a significant part of the risks and benefits of ownership is retained by the lessor is classified as operational leasing. 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.

(i) REVERSE ACQUISITION

At the Annual General Meeting on 7 April 2016, the shareholders of SaltX resolved to issue 27.5 million shares in SaltX in exchange for a contribution in kind, shares in SaltX Technology AB (formerly ClimateWell AB). The issue for non-cash consideration was registered on 2 May which meant that the shareholders of the company gained control of SaltX. In accordance with IFRS, the transaction between the company and SaltX Technology constitutes a reverse acquisition. A reverse acquisition is an acquisition where the legal acquirer (i.e. the entity which issues the securities, SaltX) becomes the acquired company. SaltX Technology is thereby considered to be the acquirer for accounting purposes while SaltX is considered to be the acquired company in the consolidated financial statements. All information linked to the parent company in this annual report, however, is information about the legal parent company, SaltX.

(j) IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that are not ready for use (capitalized expenditure for development work) are not amortized but tested annually instead, or in the case of an indication of impairment, in regard to a possible impairment requirement. Assets which are amortized are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss 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 its value in use. When assessing impairment requirement, assets are grouped at the lowest levels for which in all material respects there are identifiable cash flows (cash generating units). For assets (other than goodwill) that have previously been impaired, an assessment is made on each balance sheet date as to whether a reversal should be made.

(k) FINANCIAL ASSETS

(i) Classification

The Group classifies its financial assets in the following categories:

- loans and accounts receivables

The classification depends on the purpose of the acquisition of the financial asset. Management determines the classification of investments on initial recognition.

(ii) Recognition and derecognition from the balance sheet

Purchases and sales of financial assets are reported on the trade date, i.e. 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 transferred essentially all risks and rewards associated with the right of ownership. Loans and accounts receivable are reported according to the acquisition date at accrued acquisition value using the effective interest rate method. Loans and accounts receivable are recognized as current assets, except for items with a maturity greater than 12 months after the balance sheet date, which are classified as fixed assets. Consolidated, "loans and accounts receivable" consist of other long-term receivables, accounts receivable, cash equivalents and accrued income.

(iii) Impairments

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

Impairment loss 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 rate of interest. The asset's carrying amount is impaired and the impairment loss is recognized in the consolidated income statement under "other external costs" or under net financial items depending on which financial asset is being impaired.

If the impairment requirement decreases in a subsequent period and the decrease can be relat-

ed objectively to an event that occurred after the impairment was recognized (for example an improvement in a creditor's financial position), the previously recognized impairment loss will be reversed in the income statement.

(iv) Revenue recognition

Interest income

Interest income is recognized as revenue 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 the estimated future cash flow, discounted by the original effective interest rate for the instrument, and then proceeds to dissolve the discount effect as interest income. Interest income on impaired loan receivables is reported at the original effective interest rate.

(l) CASH EQUIVALENTS

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

(m) ACCOUNTS RECEIVABLE

Accounts receivable are initially recognized at fair value and thereafter at accrued cost using the effective interest method, less any reserves for impairment loss. Accounts receivable are amounts relating to customers in respect of services sold that are carried out in operating activities. If payment of such amounts is expected within one year, they are classified as current assets. If not, they are classified as fixed assets. Accounts receivable generally fall due for payment within 30 days and all accounts receivable are classified therefore as current assets.

(n) TANGIBLE ASSETS

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

Additional expenses are added to the carrying amount of the asset or reported as a separate asset, whichever is appropriate, only when it is likely that the future economic benefits associated with the asset will devolve to the Group and the acquisition value of the asset can be measured in a reliable manner. The carrying amount of a replaced part is derecognized from the balance sheet. All other forms of repair and maintenance are reported as expenses in the income statement during the period in which they arise.

The residual value and useful life of the assets are reviewed on each balance sheet date 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 a comparison between sales revenue and the asset's carrying amount and are reported net in the income statement.

Depreciation/amortization methods and 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 useful lives are as follows:

- Equipment, tools, and fixtures and fittings 5 years

(o) INTANGIBLE ASSETS

(i) Trademarks and patents

Trademarks and patents acquired separately are recognized at cost. Patents and trademarks have a finite useful life and are recognized at cost less accumulated amortization and impairments.

The Group writes off patents and trademarks with a finite useful life linearly 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 expensed as it is incurred. Development costs that are directly attributable to development, where research results or other knowledge is applied to accomplish new or improved products or processes that are controlled by the Group, are recognized as intangible assets when the following criteria are met:

- it is technically possible to complete the product or process so that it can be used,
- the company's intention is to complete the product or process and to use or sell it,
- the preconditions exist for using or selling the product or process,
- it can be demonstrated how the product or process generates likely future economic benefits,
- adequate technical, financial and other resources are available to complete the development and use or sale of the product or process, and
- the expenses attributable to the product or process during its development can be calculated in a reliable manner.

Directly attributable expenses that are capitalized as part of the product or process include personnel expenses and a fair share of indirect costs.

Capitalized development costs are recognized as intangible assets and are written off from the date when the asset is ready for use. No amortization has been commenced for the Group's capitalized costs for development work when component development is in progress. Depreciation/amortization will commence when the Company enters into a commercial phase within the respective application area.

(iii) Research and development

Forsknings- och utvecklingskostnader som inte uppfyller kriterierna i (ii), kostnadsförs när de uppstår. Utvecklingskostnader som kostnadsförts i tidigare perioder redovisas inte som tillgång i efterföljande period.

(p) ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable are obligations to pay for goods or services that have been acquired in the operating activities from suppliers. The amounts are unsecured and are usually paid within 30 days. Accounts payable and other liabilities are classified as current liabilities if they fall due within a

year or earlier (or during a normal business cycle if this is longer). If not, they are recorded as long-term liabilities. Accounts receivable are initially recognized at fair value and thereafter at cost using the effective interest method.

(q) BORROWINGS

Borrowings are initially recognized at fair value, net of transaction costs. Borrowings are then reported at accrued 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 reported as transaction costs for the facility in the extent that it is likely that part or all of the credit facility will be utilized. In such cases, the fee is reported 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 recorded as an advance payment for financial services and allocated over the term of the agreed facility.

Borrowings are derecognized from the balance sheet when the obligations have been discharged, 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 non-cash assets transferred 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 debt for at least 12 months after the end of the reporting period.

(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 by necessity 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 expensed when incurred.

As the Group's loans from Almi Företagspartner have been raised for the purpose of developing components currently reported as intangible assets, the Group has determined that the total borrowing costs attributable to the loan from Almi Företagspartner be capitalized from the date of transition to IFRS. See the detailed description in the transitional information in note 6.

(s) PROVISIONS

Provisions for settlement are recorded when the Group has a legal or informal obligation as a result of past events, it is likely that an outflow of resources will be required to settle the obligation and the amount has been calculated in a reliable manner. No provisions are made for future operating losses.

If there are a number of similar obligations, the likelihood will be

assessed of whether an outflow of resources will be required for the settlement of this entire group of obligations taken together. A provision is recognized even if the probability of an outflow for a particular item in this group of commitments is low.

Provisions are valued at the present value of the amount that is expected to be required to settle the obligation. In this connection, a discount rate before tax is applied that reflects a current market assessment of the time-dependent value of money and the risks associated with the provision. The increase in the provision due to the passing of time is recorded as interest expense.

(t) EMPLOYEE BENEFITS

(i) Short-term employee benefits

Liabilities for wages and remuneration, including non-monetary benefits and paid absenteeism, which are expected to be settled within 12 months after the end of the financial year, are reported 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 recorded as a liability for employee benefits in the balance sheet.

(ii) Post-employment benefits

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

Pension obligations

For defined-contribution pension plans, the Group pays contributions 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 in full. The fees are recorded as personnel costs when they fall due for payment. Prepaid fees are reported as an asset to the extent that cash repayments or reductions in future payments may accrue to the Group.

(iii) SHARE-BASED PAYMENTS

The Group has a share-based compensation plan where the company receives services from employees as consideration for the Group's equity instruments.

Warrant programs for employees

The fair value of the service entitling employees to the allocation of warrants through the SaltX warrant program is reported 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 date of allocation if no vesting conditions are found. All share-based payments that are found in the Group consist of equity-based instruments.

At the end of each reporting period, the Group reviews its assessment of whether the share-based payment is expected to be earned based on service and/or performance terms. Any deviation from the initial assessments that the review gives rise to is recorded in the income statement and the corresponding adjustments are 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-related payment.

(u) SHARE CAPITAL

Common stock is classified as stockholders' equity.

Transaction costs directly attributable to the issue of new stocks or warrants are recorded, net of tax, in equity as a deduction from the emission proceeds.

(v) DIVIDENDS

Dividends to the parent company's shareholders are reported as liabilities in the Group's financial statements in the period when the dividend is approved by the parent company's shareholders.

(x) EARNINGS PER SHARE

(i) Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

- earnings attributable to Parent Company shareholders, excluding dividends attributable to preferred stock
- by a weighted average number of outstanding common stock during the period, adjusted for the fund issue element in common stock that were issued during the year and excluding repurchased shares held as own shares by the parent company.

(ii) Earnings per share after dilution

For calculating 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 stock, and
- the weighted average of the additional common stock that would have been outstanding with a conversion of all potential common stock

(y) ROUNDING OFF

All amounts reported in the financial statements are presented in TSEK (SEK thousand) unless otherwise stated.

Summary of significant accounting policies for the parent company

The most significant accounting policies applied when preparing this annual report are set out below. The policies have been applied consistently for all years presented, unless stated otherwise.

The financial statements of the parent company have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. In cases where the parent company applies other accounting policies than the Group's accounting policies which are described in the consolidated financial statements, these are stated below.

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

The financial statements have been prepared according to the cost method.

Preparing reports in accordance with RFR 2 requires the use of some important estimates for accounting purposes. Furthermore, management is required to make certain assessments when applying the parent company's accounting policies. The areas that include a high degree of assessment, which are complex or areas where assumptions and estimates are essential for the financial statements, are stated in the consolidated financial statements.

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

The parent company applies other accounting policies than the Group in the cases specified below:

(a) LAYOUTS

The income statement and balance sheet comply with the layout according to the Swedish Annual Accounts Act. The statement of changes in equity also follows the Group's layout but should contain the columns listed in the Swedish Annual Accounts Act. Furthermore, there are differences in terms, compared to the consolidated financial statements, primarily

regarding financial income and expenses, and equity.

(b) PARTICIPATIONS IN SUBSIDIARIES

Shares and participations in subsidiaries are recognized at cost less any impairments. The 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, an impairment loss is made. Impairment losses are reported in the item ”Earnings from participations in Group companies".

Notes

NOTE 1 SIGNIFICANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The estimates and assumptions that represent a significant risk of significant adjustments in the reported values of assets and liabilities in the next financial year are:

- Intangible assets: The biggest asset recognized in SaltX's balance sheet is capitalized development expenditure. An impairment test of this asset is carried out based on an estimate of what the Company's technology can lead to in the form of future revenue and cash flow.
- Long-term receivables: In 2015, the Group sold licensing rights for an application with SaltX technology within solar panels for the Chinese market to a former subsidiary, which, in turn, licensed the rights to a business partner in China. The sale is partly paid but there is still an interest-bearing receivable which, in accordance with the agreement, will be amortized in line with the payment by the Chinese partner of royalties for the licenses. The partner has been granted credit for these payments up to the fourth quarter of 2018 in order to facilitate the capital requirement in the start-up operations. A valuation of this item is based on estimates and assessments of future market development. As a consequence of the merger in January 2018, the receivable has disappeared.
- Tax losses: Both SaltX and SaltX Technology (formerly ClimateWell) have tax deductible losses. These are affected negatively by limitation regulations from the significant ownership changes that occurred in connection with the merger of the companies. It is considered that SaltX's deductible loss, at worst, will disappear completely and SaltX Technology's deductible loss will decrease to approximately MSEK 165 before 2016. Deferred tax assets relating to tax deductible losses or other future tax deductions are recognized to the extent that it is probable that the deduction can be offset against future taxable profits. As the company has not reported a positive result, a conservative assessment means that these losses have not been carried forward.
- Licensing revenue: In 2017, revenues relating to the licensing of IP rights were reported totaling TSEK 1,142. A quarter of the license is invoiced when the agreement is signed while the remaining three payments are expected to occur in 2018 and 2019 in connection with the ordering of components. In order for the three remaining payments to be received, the Group shall place an order for a total of 6 100 components from the company that has obtained the license. 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. Furthermore, the Group's assessment is that it is very likely that components will be ordered from the licensee.

Estimates and assessments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing conditions.

NOTE 2 FINANCIAL INSTRUMENTS

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

Fair value	Dec 31, 2017		Dec 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
The Swedish Energy Agency	25,000	22,973	25,000	21,673

In regard to the fair value of short-term financial liabilities, the fair value is estimated to correspond to the carrying amount since the discount effect is not material.

In regard to the fair value of financial assets, the fair value of current receivables is deemed to correspond to their carrying amount since the discount effect is not material. For the Group's long-term receivables, the fair value is not deemed to differ materially from the carrying amount.

NOTE 3 TRANSACTIONS WITH AFFILIATES

In 2017, the following significant transactions with affiliated parties have occurred:

Sales to an affiliate (SunCool) TSEK 899 (1,353), refers to support for partners in China NSECT via SunCool

Financial income from an affiliate (SunCool) TSEK 1,760 (1,620)

Receivables from an affiliate (SunCool) TSEK 31,215 (28,455)

NOTE 4 EARNINGS PER SHARE

SEK	Full year 2017	Full year 2016
Earnings per share before dilution	-0.53	-0.88
Earnings per share after dilution	-0.53	-0.88
Income measure used in calculating earnings per share		
Profit/loss attributable to parent company shareholders used for calculating earnings per share before and after dilution		
Profit/loss attributable to Parent Company shareholders, TSEK	-26,843	-34,208
Number of		
Weighted average number of common stock when calculating earnings per share before dilution	50,390,295	38,978,014
Adjustments for calculating earnings per share after dilution:		
Warrants	5,280,349	5,797,153
Weighted average number of common stock and potential common stock is used as the denominator for calculating earnings per share after dilution.	55,670,644	44,775,167

No effect from dilution when the result is negative

NOTE 5 EVENTS AFTER THE BALANCE SHEET DATE

Merger of SunCool AB

The merger with SunCool was completed in January 2018 and SunCool's operations are included in SaltX from that date. This includes the intangible assets, SunCool rights in China, which were sold to SunCool in 2015, again in SaltX. The remaining balance between SunCool and SaltX is eliminated. SunCool has a royalty agreement with the

Chinese company NSECT and the merger means that the entire royalty payments devolve to SaltX at the same time as the amortization of the rights is borne by SaltX.

NOTE 6 DESCRIPTION OF THE EFFECTS OF TRANSITION TO IFRS

The accounting policies contained from page 22 have been applied when the consolidated accounts were prepared as of December 31, 2017 and for the comparative information presented at December 31, 2016, as well as for the preparation of the opening balance sheet as at January 1, 2016 (Group transition date to IFRS).

When the opening balance sheet according to IFRS was prepared, amounts reported in previous financial statements in accordance with the Swedish Accounting Standards Council's General Recommendation BFNAR 2012:1 Financial statements and consolidated financial statements (K3), were adjusted. An explanation of how the transition from previously applied accounting policies 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 connection with 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 are approved by the EU as at December 31, 2017, shall apply retrospectively. However, IFRS 1 contains transitional provisions that give companies a certain choice.

Permitted exceptions in connection with the transition to IFRS

Below are the IFRS permitted exceptions from full retroactive application of all standards that the Group has opted to apply when transitioning from previously applied accounting policies to IFRS.

Exception 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 costs from the date of transition to IFRS accounting or from an earlier 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 at January 1, 2016. Borrowing costs that have arisen before the date of transition thus have not been adjusted.

Exception for share-based payments

A first-time adopter must not apply IFRS 2 Share-based payments to equity instruments assigned after November 7, 2002 and which have been earned before the transition to IFRS. SaltX has chosen to apply this exception and has therefore not applied IFRS 2 to equity instruments that have been earned before the transition to IFRS.

Exception for government loans

IFRS 1 stipulates 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* shall apply to existing government loans at the time of transition to IFRS. Furthermore, the company will not recognize 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 interest rate in compliance with IFRS requirements, it shall use its carrying amount according to previous accounting policies at the date of transition to IFRS as the opening book balance sheet value of the loan in the balance sheet.

Reconciliation between previously applied accounting policies and IFRS

According to IFRS 1, the Group shall show a reconciliation of equity and total comprehensive income that has been 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 the total cash flows from operating activities, investing activities or financing activities. The tables on pages 41 and 42 show the reconciliation between previously applied accounting policies and IFRS for each period for equity and total comprehensive income.

NOTES TO 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 for capitalized development costs. Thus, expenses related to the loan shall be capitalized in the balance sheet as part of capitalized development costs in accordance with IAS 23. Thus, a reduction of TSEK 105 has been made of the item "Financial expenses" in the income statement for 2016 (TSEK 53 for Q4), while at the same time the item "Capitalized expenses 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 reported in the item "Income tax" in the income statement for 2016 and a corresponding "Deferred tax liability" is recorded in the balance sheet.

b) SHARE-BASED PAYMENTS

The 2016 Annual General Meeting of SaltX decided in connection with the reverse acquisition to issue 1,500,000 warrants. 208,000 of these warrants were used to replace ClimateWell's existing warrant program CW2012P/T. In view of the fact that TO3 (insofar as it replaces CW2012P/T) is considered to be a modification, only the possible additional fair value of TO3 (employee benefit) will be recognized in SaltX's financial statements. This means that the income statement for 2016 includes a reduction of the item "Personnel costs" of 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 December 31, 2016, there is a reduction of shareholders' equity of TSEK 6 and an increase in deferred tax of TSEK 6.

c) REVERSE ACQUISITION

As this acquisition falls outside IFRS 3, the cost that is incurred is reported in accordance with IFRS 2 as a share-based payment. IFRIC (IFRS 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 in SaltX shall be deemed to be 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-exchange listing do not meet the criteria for being reported as an intangible asset, it means that the transaction must 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 December 31,

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

		January 1, 2016				December 31, 2016		
TSEK	Notes	According to previous accounting policies	Total effect of transition to IFRS	Acc. to IFRS	Notes	According 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 fixed assets		27,120	–	27,120		28,455	–	28,455
Current assets								
Advance payments to suppliers		378	–	378		–	–	–
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 contributed capital		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
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	According to previous accounting policies	Total effect of transition to IFRS	Acc. to IFRS
Net sales	d)	1,459	-863	596
Work performed by the Company for its own use and capitalized	d)	9,341	2,288	11,629
Other operating income	d)	4,372	-1,425	2,947
Total		**15,172**	**0**	**15,172**
Other external costs		-16,279	-	-16,279
Personnel costs	b)	-18,199	26	-18,173
Depreciation/amortization and impairment loss on 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
Financial items - net		1,562	105	1,667
Profit/loss after financial items		**-19,172**	**-15,007**	**-34,179**
Income tax	a, b)	-	-29	-29
Net income/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	According to previous accounting policies	Total effect of transition to IFRS	Acc. to IFRS
Net sales		257	-	257
Work performed by the Company for its own use and capitalized	d)	2,931	293	3,224
Other operating income	d)	359	-293	66
Total		**3,547**	**0**	**3,547**
Other external costs		-4,303	-	-4,303
Personnel costs	b)	-5,593	259	-5,334
Depreciation/amortization and impairment loss on 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
Financial items - net		399	53	452
Profit/loss after financial items		**-6,391**	**312**	**-6,079**
Income tax	a, b)	-	-69	-69
Net income/loss for the year		**-6,391**	**243**	**-6,148**

2016, there is a reduction of TSEK 15,138 in the item ”Other contributed capital”.

d) RECLASSIFICATION BETWEEN THE LINES NET SALES, WORK PERFORMED BY THE COMPANY FOR ITS OWN USE AND CAPITALIZED, AND OTHER OPERATING INCOME

Net sales

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

Work performed by the Company for its own use and capitalized

According to previously applied accounting policies, some of the expenses deemed to be items which can be capitalized 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. In connection with the transition to IFRS accounting, the previous reclassification is adjusted by increasing the item ”Work performed by the Company for its own use and capitalized“ in the income statement by TSEK 2 288 for 2016 (TSEK 293 for Q4) and also the item ”Intangible assets“ in the balance sheet.

Other operating revenue

According to previously applied accounting policies, government grants have been reported as if they were received to cover costs already incurred even if the asset that the grant is intended to finance has not yet been expensed. In connection 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 government grants relating to assets shall be reported as a reduction in the asset that the grant is intended to cover. With application of this principle, revenue is reported in the same period as the asset is used. Grants, which are attributable to assets, have been recognized according to previously applied accounting policies as ”Other operating income“ in the period in which it has been considered with reasonable certainty that the conditions for the grant will be met and the grant will therefore be received. In connection with the transition to IFRS accounting, that stated above means that the item ”Other operating income“ is adjusted and reduced by TSEK -2,288 for 2016 (TSEK -293 for Q4) and the reported ”Intangible assets“ in the balance sheet are reduced by the corresponding amount as at December 31, 2016.

Total adjustment of the item ”Other operating revenue“ in the income statement amounts to TSEK -1,425 (TSEK +863 - TSEK 2,288) for 2016 (TSEK -293 for Q4).

The adjustments made to the items ”Net sales", ”Work performed by the Company for its own use and capitalized“ and ”Other operating income“ in the income statement, have no effect on the item ”Intangible assets“ in the balance sheet.

e) RECLASSIFICATIONS ACCORDING TO IAS 1

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

Balance sheet

In accordance with IAS 1 Presentation of financial Statements, some terms have been adjusted, including the ”Cash and bank“ item

now referred to as ”Cash equivalents".
The following reclassifications of balance sheet items have been made as of December 1, 2016:

TSEK 403 has been reclassified from the item ”Provision of close-down expenses“ to ”Long-term liabilities.

Shareholders’ equity has been divided into share capital, reserves, other contributed capital and retained earnings, including earnings for the period.

In addition, a reclassification has been made of TSEK 505 which was previously reported as ”Other contributed capital“ to ”Other equity, including profit/loss for the year“ as this is related to share-based payment.

Income statement

Retitling and reclassification has been made for the following items in the statement of comprehensive income; ”Interest income and similar profit or loss“ and ”Interest expense and similar income statement“ are referred to respectively as ”Financial income“ and ”Financial expenses". Furthermore, the item ”Tax on profit for the year“ is referred to as ”Income tax".

AFFIRMATION BY THE BOARD OF DIRECTORS AND THE CEO

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

Stockholm March 14, 2018
The Board of Directors

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

Karl Bohman
CEO

Auditor's report

SaltX Technology Holding AB (publ) organizational number 556917-6596

Introduction

We have reviewed the condensed interim financial information (interim report) of SaltX Technology Holding AB (publ) as of 31 December 2017 and the twelve-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 March 14 th 2018

Öhrlings PricewaterhouseCoopers AB

Claes Sjödin
Authorized Public Accountant
Auditor in charge

Leonard Daun
Authorized Public Accountant

Other Information

CALENDAR

The Annual Report is available from	10 April
2018 Annual General Meeting	April 25, 3–5 pm
Interim Report Q1 2018	May 3
Interim Report Q2 2018	August 23
Interim Report Q3 2018	November 8
Year-end Report 2018	February 21, 2019

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