SaltX Technology

SaltX Technology Holding AB (publ)

YEAR-END REPORT Q4 2019

This information is information which SaltX Technology is required to disclose under the EU market abuse regulation. The information has been made public on February 21, 2020 at 08.00.



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YEAR-END REPORT Q4 2019

FINANCIAL EVENTS

Q4 [1]

- Net sales increased to MSEK 0.9 (1.7)
- Operating profit/loss (EBIT) totaled MSEK -10.9 (-79.8)
- Cash flow from operating activities amounted to MSEK -10.2 (-15.0)
- Earnings per share before and after dilution amounted to SEK -0.16 (-1.38)

Full year January – December [1]

- Net sales totaled to MSEK 0.2 (6.5)
- Operating profit/loss (EBIT) totaled MSEK -83.8 (-121.1)
- Cash flow from operating activities amounted to MSEK -58.8 (-50.6)
- Earnings per share before and after dilution amounted to SEK -1.22 (-2.14)

SIGNIFICANT EVENTS

Q4

- SaltX carried out a new capital issue for approx. MSEK 80.6 and is taking the next step towards commercialization
- A new strategic partner in China is financing a pilot project – Shuangliang is constructing and developing an energy storage pilot project in China

After the end of the year

- The Board proposes no dividend

OUR FOCUS NOW IS, WITH OUR PARTNERS, TO BUILD ON THE PILOT PLANT IN BERLIN AND TO OPTIMIZE THE PRO-CESS FOR DIFFERENT END-USERS.

READ MORE ON PAGE 4

KEY FIGURES [1]

Group, TSEK	Q 4 2019	Q 4 2018	FY 2019	FY 2018
Net sales	867	1,671	193	6,464
Operating profit/loss (EBIT)	-10,941	-79,792	-83,830	-121,062
Earnings per share before and after dilution	-0.16	-1.38	-1.22	-2.14
Equity	131,748	143,598	131,748	143,598
Cash flow from operating activities	-10,169	-15,001	-58,833	-50,556
Equity ratio (equity/balance sheet total)	73%	70%	73%	70%

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

THE CEO'S ADDRESS

2019 – A YEAR OF TRANSITION AND FOCUS ON ENERGY STORAGE

2019 was a very eventful year for SaltX Technology during which we underwent major restructuring. The company's management and board of directors made the decision to focus clearly on large-scale energy storage – what we term EnerStore. This is the area we believe has the greatest commercial potential and the area where we have the best opportunity to control our development.

SaltX has an important role to play in the transition to a fossil-free society. Many companies have the ambition to become fossil-free within a generation; we believe it is possible to achieve this earlier. This is a development in which we are inspired to participate. However, there are obstacles along the way, both in terms of established business structures and time-consuming political discussions.

FULLY-SUBSCRIBED CAPITAL ISSUE

In order to implement the necessary changes and have sufficient resources for our focus, the company decided in autumn 2019 to carry out a new capital issue. The company's raising of capital was well-received – a confidence we appreciate. Being able to carry out a capital issue that was oversubscribed is a sign of strength and shows the attractiveness of SaltX's business.

With this capital available, SaltX will be able to make significant progress in commercializing our offering within large-scale energy storage.

During the past year, the company has made sure to build the required competence in order to be able to develop in the way the management and board have set out. SaltX possesses leading knowledge of energy storage, which, together with a strong network of partners and universities, among other things, creates good conditions for commercializing our energy storage.

OUR PARTNERS

The cooperation with the three partners with whom we have signed agreements has developed at different rates. It is instructive for us to see how they choose to use EnerStore in their commercial offerings. In conjunction with these partners, we are continuously developing our solution and are stimulated and challenged to continue this development in a way that takes us closer to commercialization. Our focus now is, with our partners, to build on the pilot plant in Berlin and to optimize the process for different end-users.

THE WORLD IS SWITCHING TO RENEWABLE ENERGY SOURCES, AND OUR AND OTHER EXPERTS' ASSESSMENT IS THAT DEVELOPMENT IS PROGRESSING FASTER. THIS IS GOOD NEWS FOR SALTX.

A BRIGHT FUTURE

The energy industry is in a significant transition phase, where we can see, for example, that the use of coal in Europe fell sharply in 2019. Almost 80 percent of coal-fired power plants in Europe are unprofitable. This is mainly because they are not operating, which results in low resource utilization and expensive conversion costs. The world is switching to renewable energy sources, and our and other experts' assessment is that development is progressing faster. This is good news for SaltX. We have every reason to view the future with confidence.

Thank you for the opportunity to address you and for your belief in us.

Carl-Johan Linér
CEO



Carl-Johan Linér

OPERATIONS

SaltX is a technology company focusing on energy storage. Today, SaltX is developing a thermochemical energy storage solution based on nanocoated salt. The world is transitioning to renewable energy sources. This transition requires large amounts of energy storage in order to meet supply and demand at the right time.

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

SaltX technology is especially suited to the market where high-quality steam at between 160 — 450 degrees C is required. This requirement can be found, for example, in industries, cities or in cogeneration plants.

THE WAY AHEAD

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

COMPONENTS

SaltX energy storage consists of four key components: two silos for storing the nanocoated salt, and two reactors where the salt is charged or discharged. The salt, together with the reactors, form the very core of the energy storage solution.In cooperation with our partners, a reactor technology has been identified that is considered to be significantly more efficient and more scalable than the one used in SaltX's first major pilot plant located in Berlin. The technology — the fluidized bed — is well known and is mainly used in coal-fired power plants. The next step is to prove the technology in pre-commercial installations.

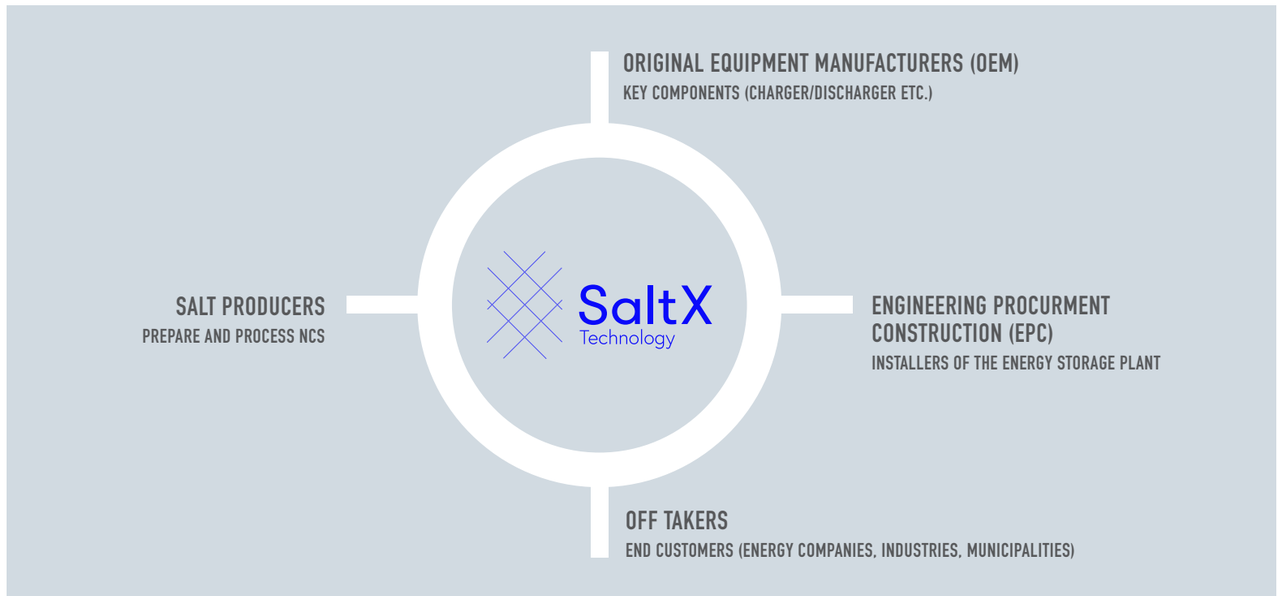
SALTX STORES THERMAL ENERGY

- Charges with surplus energy — electricity and/or heat
- Discharges high-temperature steam at 160— 450 degrees C
- End customers may be industries, cogeneration plants or other customers who need high-temperature steam.



THE SALTX ECOSYSTEM

- On the road to commercializing the company's large-scale energy storage solution, EnerStore, there are a number of partners with whom SaltX will be working. Depending on the market and the final application, these partners may differ, but in the main they will have four different functions. These are as salt suppliers that prepare and process nanocoated salt, OEMs (Original Equipment Manufacturer) that manufacture key components, EPCs (Engineer, Procure, Construct) that install energy storage systems and, finally, end customers, so-called off-takers, who may be energy companies, industries and cities, see the image to the right.



BUSINESS MODEL

SaltX develops and sells energy storage based on nanocoated salt in conjunction with its partners. The company's future revenues will consist primarily of sales of nanocoated salt, license fees and technology transfer. Revenue streams can also come from the finished plant in the form of installation and energy fees.

Saltx's position in the value chain is to deliver the nanocoated salt and knowledge around it to selected system partners who build and start the entire energy solution.

THE ECOSYSTEM IS GROWING

The company is dependent on finding the right partners who can assist with other parts for a complete plant. An important part of the puzzle is the partnership with the company's suppliers of salt and protective material. The Nordkalk and Wacker companies are in place to supply the future projects with nanocoated salt.

THREE NEW PARTNERS

In 2019, the company has focused on working with competent partners who are experienced in building energy installations. Three important partners are now in place — German Steinmüller, Spanish INERCO and Chinese Shuangliang. The next step is to build pre-commercial facilities with these partners and set a common plan for commercialization and customer offering. The company's partners will also play a key role in the sale of energy storage projects.

OEM/EPC: SPAIN

INERCO

OEM/EPC: GERMANY

steinmüller engineering

OEM/EPC: CHINA

双良锅炉 SHUANGLIANG BOILER

BUSINESS MODEL



SIGNIFICANT EVENTS

...DURING Q4

SALTX CARRIED OUT A NEW CAPITAL ISSUE FOR APPROX. MSEK 80.6 AND IS TAKING THE NEXT STEP TOWARDS COMMERCIALIZATION

The market for large-scale energy storage is growing strongly. Over the past year, SaltX Technology has demonstrated with its pilot project in Berlin that the technology can be used on a large scale, and has entered into strategic agreements that pave the way for taking the next step in the commercialization of the company's energy storage solution. The decision was made to carry out a rights issue for approximately MSEK 80.6, which was fully guaranteed through a subscription commitment from the principal shareholder, Industrifonden, and through issue guarantees from a guarantee consortium. Shareholders received one (1) subscription right for each (1) share held on the record date and five (5) subscription rights entitled to subscribe for one (1) share in the rights issue at an issue price of SEK 5.55 per share. The issue was fully subscribed with shareholders with rights subscribing for 75 percent of the issue and shareholders and other investors without rights subscribing for the other 25 percent of the issue.

The purpose of the rights issue is to provide the company with financial resources to enable continued development and commercialization of the company's energy storage solution.

A NEW STRATEGIC PARTNER IN CHINA IS FINANCING A PILOT PROJECT – SHUANGLIANG IS CONSTRUCTING AND DEVELOPING AN ENERGY STORAGE PILOT PROJECT IN CHINA

SaltX signed a partnership agreement with Shuangliang Boiler Co., Ltd. Our Chinese partner will build and finance a pilot plant to market SaltX energy storage technology in the Chinese market. The pilot plant is planned to have an output of about 50 kW / 500 kWh.


Shanghai, China.

FINANCIAL OVERVIEW

OCTOBER–DECEMBER – Q4

REVENUE, EXPENSES AND EARNINGS*

Net sales
Net sales for the quarter amounted to TSEK 867 (1,671), the majority of which relates to payment for work in the former HeatBoost application carried out for US technical institutions.

Other income
Other income in the quarter totaled TSEK 295 (2,827).

Expenses
Expenses during the year amounted to TSEK -12,103 (-85,186), broken down as cost of goods for resale TSEK -10 (-1,396), other external expenses TSEK -4,376 (-10,181), personnel expenses TSEK -5,524 (-9,359), and depreciation and impairment of fixed assets TSEK -2,193 (-64,250). Impairment losses include the scrapping of the remaining values of concluded patents of MSEK 1.4.

As a consequence of IFRS 16, from 2019 expenses for rent and leasing are reported as a depreciation and interest expense instead of as other external expenses, see Note 5.

Operating profit/loss (EBIT)
Operating profit/loss was TSEK -10,941 (-79,792).

Operating profits/loss excluding impairment of fixed assets amounted to TSEK -9,418 (-16,658).

Financial items
Profit/loss from financial items amounted to TSEK -544 (419) and consisted of interest on liabilities to the Swedish Energy Agency and Almi Företagspartner, as well as on leasing liabilities.

Profit before tax
Profit/loss before tax was TSEK -11,485 (-79,373).

Earnings per share before and after dilution amounted to SEK -0.16 (-1.38).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow and liquidity
Cash flow from operating activities in the quarter was TSEK -10,169 (-15,001).

Group cash equivalents at the end of the quarter totaled TSEK 85,321 (71,672).

Long-term liabilities
Long-term liabilities totalled TSEK 32,738 (29,758) and consisted of long-term elements of loans from the Swedish Energy Agency for TSEK 24,388 and Almi Företagspartner for TSEK 4,200 and the long-term element of leasing liabilities. Repayment of the loan from the Swedish Energy Agency is based on criteria for commercialization being fulfilled through revenues and is done on the basis of revenue per year. A request for remission of most of the loan has been sent to the Agency. The funding was used to develop applications that the company is no longer working with. It is the assessment of SaltX that there is no foundation for repayment because these applications are not expected to generate any revenue.

The loan from Almi is being repaid from July 2019 on a monthly basis over 5 years.

Investments
Equity at the end of the period totaled TSEK 131,748 (143,598) or SEK 2.36 (1.83) per share and has fallen with the negative earnings. The equity ratio on the same date was 73 percent.

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

JANUARY–DECEMBER – FULL YEAR

REVENUE, EXPENSES AND EARNINGS*

Net sales
Other income for the year totaled TSEK 193 (6,464). In Q1, SaltX ended a licensing and cooperation agreement with Stjernberg Automation AB. SaltX reimbursed MSEK 3.2 in previously paid license fees, which were partially recognized as income. This explains the low turnover in 2019. The reason the cooperation was ended is that it has not produced the intended result.

Other income
Other income amounted to TSEK 6,144 (4,023) and consisted of public grants from the European Union's Horizon 2020 project for the HeatBoost project and from the Swedish Energy Agency for the pilot plant in Berlin.

Expenses
Expenses during the year amounted to TSEK -90,167 (-146,222), broken down as cost of goods for resale TSEK -126 (2,070), other external expenses TSEK -24,542 (-42,709), personnel expenses TSEK -27,860 (-34,063), and amortization and impairment of fixed assets TSEK -37,639 (-67,380). In the second quarter, impairment losses were made totalling TSEK 32,160 of the remaining capitalized expenditure for development work relating to applications other than EnerStore.

As a consequence of IFRS 16, from 2019, expenses for rent and leasing are reported as a depreciation and interest expense instead of as other external expenses, see Note 5.

Operating profit/loss (EBIT)
Operating profit/loss was TSEK -83,830 (-121,062).

Operating profits/loss excluding impairment of fixed assets amounted to TSEK -49,103 (-59,928).

Financial items
Profit or loss from financial items amounted to TSEK -3,867 (1,224) and consisted of the change in value of shares in Central Development Holdings Ltd (formerly Zhong Fa Zhan Holdings Ltd), and interest on liabilities to the Swedish Energy Agency and Almi Företagspartner, as well as on leasing liabilities.

Profit/loss before tax
Profit/loss before tax was TSEK -87,697 (-122,286).

Earnings per share before and after dilution amounted to SEK -1.22 (-2.14).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow and liquidity
Cash flow from operating activities for the year was TSEK -58,833 (-50,556). The transition to IFRS 16 has had an effect on the cash flow for 2019 as amortization of leasing liabilities is reported as part of financing activities instead of being included in operating activities in the form of a rental/leasing expense.

The project to develop HeatBoost, partly funded by the EU's H2020, has been prematurely ended in 2019. An advance of SEK 9.3 million was received in June 2018, of which the majority has been used within the project and the remaining SEK 2.7 million is intended to be repaid in connection with the final settlement of the project in early 2020.

Group cash equivalents as per December 31 totaled TSEK 85,321 (71,672).

Investments
During the year, investments were made that impacted cash flow by TSEK -2,038 (-41,480). These consisted of investments

KEY FIGURES, THE GROUP, PER QUARTER

TSEK	Q 4 2018	Q 1 2019	Q 2 2019	Q 3 2019	Q 4 2019
Net sales	1,671	-1,706	867	165	867
Operating profit/loss (EBIT)	-79,792	-20,144	-45,762	-6,983	-10,941
Cash flow from operating activities	-15,001	-25,143	-11,094	-12,427	-10,156
Basic earnings per share, SEK	-1.38	-0.29	-0.66	-0.10	-0.16

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

CHANGE OF SHARE CAPITAL IN 2019

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

in capitalized expenditure and patents.

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

Profit/loss before tax for the period was TSEK -9,405 (-5,726). The parent company's available liquid funds as per 31 December totaled TSEK 82,458 (64,581).

SHARE CAPITAL
Share capital at the end of the period totaled SEK 5,807,637.76 consisting of 72,595,472 shares at a nominal value of SEK 0.08. New capital issues were carried out before the end of the year and were registered in January 2020.

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

Share warrants
A capital issue in 2018 was carried out in the form of units consisting of one share and one share warrant. 14.8 share warrants were issued. After minor adjustments due to the 2019 capital issue, 1.9555 share warrants are required to subscribe for one share at the exercise price of SEK 12.71 during the period January 1, 2020 to October 31, 2021. With full subscription of these warrants, the number of shares will increase by 7.5 million, corresponding to a dilution of 9 percent and the company will receive MSEK 96.

Incentive programs
The Annual General Meeting in April 2017 decided to authorize the Board to issue 750,000 warrants 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 (1.009) share, subscription can take place in June 2020 and the strike price was set on the day of issue at 150 percent of the current share price, which was SEK 48.36, after a minor adjustment for the 2018 capital issue. Employees have acquired 725,000 warrants, of which the company repurchased 260,000 warrants, all at market value, leaving a net figure of 465,000 outstanding warrants. If exercised in full, the company will receive MSEK 23.5. These shares correspond to a 0.7 percent potential dilution.

Earnings per share
Earnings per share for the full year amounted to SEK -1.22 (-2.14) based on an average figure of 72,126,265 (56,272,121) shares before dilution. When calculating the number of shares after full dilution, the additional outstanding shares from warrant programs issued have been taken into account although this has not had any effect because the result is negative.

As of December 31, 2019, 52 shares, representing less than 0.01 percent of total shares, had not yet been subscribed for from the merger between the company and SaltX Technology.

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

Accounting policies
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) such as they have been adopted by the EU, and 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.

The accounting policies applied are in accordance with those described in the SaltX Group's annual report for 2018, except that the Group has applied IFRS 16 Leases from January 1, 2019. Implementation of the standard has a specific effect on the financial reports. For information on the effects of the transition to IFRS 16, see Note 5. Accounting policies in accordance with IFRS 16 are listed below.
The parent company has chosen not to apply IFRS 16 Leases and has chosen to apply the items stated in RFR 2 (IFRS 16 *Leases*, p. 2 — 12) from January 1, 2019.

ACCOUNTING POLICIES APPLIED FOR LEASES FROM JANUARY 1, 2019

The Group's leasing agreements consist primarily of a rental agreement for the office premises. The lease is signed for a period of seven years, but opportunities for extension can be exercised, as described below. The terms are negotiated separately for each agreement and contain normal contractual terms.

The leasing agreements are reported as rights of use and a corresponding liability is reported on the date the leased asset is available for use by the Group. Each lease payment is divided between amortization of the liability and the financial cost. The financial expense shall be allocated over the lease period so that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability reported during each period. The right of use is depreciated on a straight-line basis over the shorter of the asset's useful life and the duration of the lease.

Assets and liabilities arising from leasing agreements are initially recognized at present value. Assets with rights of use are valued at cost and include the following:
- the initial valuation of the leasing liability,
- payments made at or before the time when the leased asset is made available to the lessee.

Leasing liabilities include the present value of the following lease payments:
- fixed fees
- variable leasing fees linked to an index

Leasing payments are discounted with the marginal interest rate.

Leasing fees linked to leasing agreements regarding assets of minor value are expensed on a straight-line basis in the income statement.

Options to extend and terminate an agreement
Options to extend and terminate an agreement are included in the asset and liability when it is reasonably certain that they will be exercised. The terms are used to maximize flexibility in the management of the agreements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE RESULT – SUMMARY

TSEK	Q 4 2019	Q 4 2018	FY 2019	FY 2018
Net sales	867	1,671	193	6,464
Work performed by the Company for its own use and capitalized	–	895	–	14,672
Other operating income	295	2,828	6,144	4,024
TOTAL	**1,162**	**5,394**	**6,337**	**25,160**
Cost of products sold	-10	-1,396	-126	-2,070
Other external costs	-4,376	-10,181	-24,542	-42,709
Personnel costs	-5,524	-9,359	-27,860	-34,063
Depreciation and impairement of fixed assets	-2,193	-64,250	-37,639	-67,380
TOTAL OPERATING COSTS	**-12,103**	**-85,186**	**-90,167**	**-146,222**
OPERATING PROFIT/LOSS	**-10 941**	**-79,792**	**-83,830**	**-121,062**
Financial income	8	228	8	-877
Financial expenses	-552	191	-3,875	-347
FINANCIAL ITEMS – NET	**-544**	**419**	**-3,867**	**-1,224**
PROFIT/LOSS BEFORE INCOME TAX	**-11,485**	**-79,373**	**-87,697**	**-122,286**
Income tax expense	–	–	–	2,163
PROFIT/LOSS FOR THE PERIOD	**-11,485**	**-79,373**	**-87,697**	**-120,123**

Earnings per share calculated on earnings attributable to parent company shareholders, SEK				
Basic earnings per share	-0.16	-1.38	-1.22	-2.14
Earnings per share after dilution	-0.16	-1.38	-1.22	-2.144

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

CONSOLIDATED BALANCE SHEET – SUMMARY

TSEK	Dec 31, 2019	Dec 31, 2018
ASSETS		
Fixed assets		
Intangible assets		
Capitalized expenditure on development work	75,139	107,366
Patents and trademarks	1,354	2,633
	76,493	**109,999**
Tangible assets		
Equipment, tools, and installations	1,445	2 ,020
Access right assets	5,443	–
	6,888	**2,020**
Financial fixed assets		
Shares	6 117	7 800
	6 117	**7 800**
Total fixed assets	**89 498**	**119 819**
Current assets		
Advance payments to suppliers	–	204
Accounts receivable	1,077	2,633
Other current assets	2,346	8,666
Prepaid expenses and accrued income	1,462	2,350
Cash and cash equivalents	85,321	71,672
Total current assets	**90,206**	**85,525**
TOTAL ASSETS	**179,704**	**205,344**
EQUITY AND LIABILITIES		
Equity		
Share capital	5,808	4,911
Rights issue, to be registered	1,228	888
Other contributed capital	665,851	591,241
Accumulated profit or loss including profit/loss for the year	-541,139	-453,442
Total equity	**131,748**	**143,598**
Long-term liabilities		
Other liabilities	28,588	29,758
Leasing liabilities	4,150	–
Total long-term liabilities	**32,738**	**29,758**
Current liabilities		
Accounts payable	2,237	12,949
Leasing liabilities	1,447	–
Other liabilities	4,954	1,443
Accrued expensed and deferred income	6,580	17,596
Total current liabilities	**15,218**	**31,988**
TOTAL EQUITY AND LIABILITIES	**179,704**	**205,344**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Parent Company shareholders				
TSEK	**Share capital**	**Rights issues under registration**	**Other contributed capital**	**Accumulated profit/loss incl. profit/loss for the year**	**Total equity**
Opening balance Jan 1, 2018	**4,397**	**–**	**490,294**	**-333,319**	**161,372**
Period Jan-Dec 2018					
Net income/loss Jan-Dec 2018 equal to total comprehensive income	–	–	–	-120,123	-120,123
Total comprehensive income	**–**	**–**	**–**	**-12,123**	**-120,123**
Transactions with shareholders in their capacity as shareholders:					
Rights issues	514	–	48,452	–	48,966
Rights issues, under registration	–	888	60,146	–	61,034
Issue expenses	–	–	-8,238	–	-8,238
Warrants sold and repurchased			587	–	587
Closing balance Dec 31, 2018	**4,911**	**888**	**591,241**	**-453,442**	**143,598**
Opening balance Jan 1, 2019	**4,911**	**888**	**591,241**	**-453,442**	**143,598**
Net income/loss Jan-Dec 2019 equal to total comprehensive income	–	–	–	-87,697	-87,697
Total comprehensive income	**–**	**–**	**–**	**-87,697**	**-87,697**
Transactions with shareholders in their capacity as shareholders:					
Rights issues	897	-888	–	–	9
Rights issues, under registration	–	1,228	84,508	–	85,736
Issue expenses	–	–	-9,896	–	-9,896
Warrants repurchased	–	–	-2	–	-2
Closing balance Sep 30, 2019	**5,808**	**1,228**	**665,851**	**-541,139**	**131,748**

CONSOLIDATED CASH FLOW STATEMENT

TSEK	**Q 4 2019**	**Q 4 2018**	**FY 2019**	**FY 2018**
Cash flow from operating activities				
Profit/loss after financial items	-11,485	-79,373	-87,697	-122,286
Adjustments for non-cash items etc.	2,382	63,961	39,899	68,380
	-9,103	**-15,412**	**-47,798**	**-53,906**
Increase/decrease in operating receivables	-799	-3,644	8,968	-1,993
Increase/decrease in operating liabilities	-254	4,055	-19,990	5,343
Cash flow from change of working capital	**-1,053**	**411**	**-11,022**	**3,350**
Cash flow from operating activities	**-10,169**	**-15,001**	**-58,820**	**-50,556**
Cash flow from investing activities				
Acquisition of intangible assets	-257	-26,371	-2,038	-39,518
Acquisition of tangible assets	–	9,012	–	-760
Acquisition of financial assets	–	–	–	-1,000
Merger by SunCool AB	–	–	–	803
Increase/decrease in long-term receivables	–	–	–	-1,005
Cash flow from investing activities	**-257**	**-17,359**	**-2,038**	**-41,480**
Cash flow from financing activities				
New capital issue, net of issue expenses	76,182	80,955	75,847	83,062
Amortizations of debts	–	–	–	-512
Change in long term leasing liabilities	-370	–	-1,340	–
Financing for development from European Union	–	–	–	9,321
Cash flow from financing activities	**75,812**	**80,955**	**74,507**	**91,871**
Cash flow for the period	**65,399**	**48,595**	**13,649**	**-165**
Cash equivalents at beginning of period	19,922	23,077	71,672	71,837
Cash equivalents at end of period	85,321	71,672	85,321	71,672

NOTES

NOTE 1 SIGNIFICANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

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

- **Intangible assets:** The largest asset recognized in SaltX's balance sheet is capitalized development expenditure. These are from 30 June 2019, after impairments, relating to the underlying technology and the application for large-scale energy storage, EnerStore. 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. Important components in calculating these future values are volume growth, profit margin and discount rate. A significant change of important components in the calculation may mean that the balance sheet item needs to be adjusted.

Development

The Group assesses when the product or process is technically and commercially feasible and the company has sufficient resources to complete development and thereafter use or sell the intangible asset. If these conditions are met, an intangible asset is recognized in the balance sheet.

Research and promotional measures

During the year, the Group focused on the application for large-scale energy storage, EnerStore. The activities have mainly consisted of searching for a more efficient key component for charging and discharging energy from the nanocoated salt. In addition, resources have been put into initial sales promotion measures in the form of work on and preparation of pre-commercial facilities in conjunction with partners. These activities and efforts have the character of research and sales promotion activities and are expensed as they arise.

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 REVENUE

The Group has reported the following amounts in the income statement relating to revenue (see table below).

REVENUE

	Q 4 2019	Q 4 2018	FY 2019	FY 2018
Revenue from agreements with customers	867	1,671	193	6,464
Other revenue	295	2,828	6,144	4,024
Total revenue	**1,162**	**4,499**	**6,337**	**10,488**

The Group has revenues as specified below:

	Q 4 2019	Q 4 2018	FY 2019	FY 2018
Product sale	12	126	393	618
License and royalty revenue	–	1,557	-2,067	2,624
Development work	744	-520	1,867	960
Consultancy services (technology)	–	508	–	2,262
Total revenue from customers	**867**	**1,671**	**193**	**6,464**

License revenue refers to completed license and collaboration agreements and thus reimbursed license fees which were partially recognized as income. Income from development cooperation refers to payments from US partners in the HeatBoost project.

TRUE VALUE

	Dec 31, 2019		Dec 31, 2018	
	Carrying amount	Carrying amount	Carrying amount	Carrying amount
State Energy Agency	24,388	23,830	24,488	22,973

NOTE 3 FINANCIAL INSTRUMENTS

The Group has reported the following amounts in the income statement relating to revenue:

Shares in listed companies	Dec 31, 2019	Dec 31, 2018
Capital Development Holdings Ltd. (formerly Zhong Fa Zhan Holdings Ltd)	6,117	7,800

The assets have been valued at level 1 in the fair value hierarchy.

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. However, differences have been identified in regard to the loan from the Swedish Energy Agency.

The value of the liability is expected to change. A request for remission of most of the loan has been sent to the Agency. The funding was used to develop applications that the company is no longer working with. It is the assessment of SaltX that there is no foundation for repayment because these applications are not expected to generate any revenue.

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

NOTE 4 TRANSACTIONS WITH AFFILIATED PARTIES

In 2019, no transactions with affiliated parties have occurred other than agreed payments to the Board of Directors and management.

NOTE 5 EFFECT OF THE INTRODUCTION OF IFRS 16 LEASES

This note explains the effects in the Group's financial report in connection with the application of IFRS 16 *Leases*.

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

- Rights of use assets have been classified on the basis of asset class; office premises The assets are only found in Sweden.
- The term of the rights of use has been established with the aid of ex-post knowledge regarding, for example, the extension option and the termination clause.

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

Effect in the balance sheet

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

Effect in the income statement

IFRS 16 has had a negligible impact on operating income and profit/loss after financial items.

Effect in the cash flow statement

The transition to IFRS 16 has had an effect on the cash flow for the period January-September 2019 as amortization of leasing liabilities is reported as part of financing activities instead of being included in operating activities. This means that cash flow from operating activities for the period is TSEK 1,086 higher while cash flow from financing operations is TSEK 1,339 lower compared with if previous accounting policies had been applied.

PARENT COMPANY INCOME STATEMENT

TSEK	FY 2019	FY 2018
NET SALES	**2,400**	**3,528**
Cost of goods sold	–	-162
Other external costs	-4,444	-7,307
Peronnel costs	-8,876	-6,511
TOTAL OPERATING EXPENSES	**-13,320**	**-13,980**
OPERATING RESULT	**-10,920**	**-10,452**
Financial income	3,198	5,067
Financial expenses	-1,683	-341
FINANCIAL ITEMS – NET	**1,515**	**4,726**
PROFIT BEFORE TAX	**-9,405**	**-5,726**
Group contribution	-83,000	-20,000
Income tax	–	2,070
PROFIT/LOSS FOR THE PERIOD	**-92,405**	**-23,656**

PARENT COMPANY BALANCE SHEET

TSEK	Dec 31, 2019	Dec 31, 2018
ASSETS		
FINANCIAL ASSETS		
Participations in subsidiaries	197,270	197,270
Shares	6,117	7,800
Total fixed assets	**203,387**	**205,070**
Current assets		
Current receivables		
Other receivables	782	4,987
Accounts receivable from Group companies	750	32,552
Prepaid expenses and accrued income	265	196
Cash and bank deposits	82,458	64,581
Total current assets	**84,255**	**102,316**
TOTAL ASSETS	**287,642**	**307,386**
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	5,808	4,911
Other contributed capital	1,228	888
	7,036	**5,799**
Non-restricted equity		
Share premium reserve	447,196	372,584
Retained earnings	-78,163	-54,507
Profit/loss for the year	-92,405	-23,656
	276,628	**294,421**
Total equity	**283,664**	**300,220**
Current liabilities		
Accounts payable	778	3,024
Other liabilities	158	758
Accrued expenses and deferred income	3,042	3,384
Total current liabilities	**3,978**	**7,166**
TOTAL EQUITY AND LIABILITIES	**287,642**	**307,386**

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, February 21, 2020
Board of Directors

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

Carl-Johan Linér
CEO

Auditor's report

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

Introduction

We have reviewed the condensed interim financial information (interim report) of SaltX Technology Holding AB (publ) as of 31 December 2019 and the 12-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 February 21, 2020

Öhrlings PricewaterhouseCoopers AB

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

OTHER INFORMATION

CALENDAR

The Annual General Meeting	April 23, 2020
Interim Report Q1 2020	May 5, 2020
Interim Report Q2 2020	August 25, 2020
Interim Report Q3 2020	November 4, 2020
Year-end Report 2020	February 17, 2021

The 2019 Annual Report is expected to be published at the end of March 2020.

ADDRESS

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