

SaltX Technology Holding AB (publ)

INTERIM REPORT

Q2 2019

This information is information which SaltX Technology is required to disclose under the EU Market Abuse Regulation. The information has been made public at 08.00 CET on August 23, 2019.

**SALTX SIGNS AGREEMENTS WITH
GERMAN COMPANY STEINMÜLLER
AND SPANISH INERCO**

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INTERIM REPORT Q2 2019

FINANCIAL EVENTS

Quarter 2¹

- ◆ Net sales totaled MSEK 0.9 (1.8)
- ◆ Operating profit/loss (EBIT) amounted to MSEK -45.8² (-15.9)
- ◆ Cash flow from operating activities amounted to MSEK -11.1 (-16.9)
- ◆ Earnings per share before and after dilution were SEK -0.66 (-0.25)

Half-year Jan – Jun¹

- ◆ Net sales totaled MSEK -0.8 (3.3)
- ◆ Operating profit/loss (EBIT) amounted to MSEK -65.9 (-29.7)
- ◆ Cash flow from operating activities amounted to MSEK -36.2 (-29.1)
- ◆ Earnings per share before and after dilution were SEK -0.96 (-0.50)

SIGNIFICANT EVENTS

Quarter 2

- ◆ Great interest when SaltX inaugurated the pilot plant in Berlin
- ◆ Carl-Johan Linér is the new CEO of SaltX Technology – Considerable experience from ABB's energy business
- ◆ SaltX signed a development agreement with its German partner – Steinmüller for the construction of a pre-commercial thermal energy storage based on nanocoated salt

After the end of the period

- ◆ SaltX signed a cooperation agreement with Spanish INERCO concerning energy storage – INERCO is developing and building a large-scale thermochemical solution based on nanocoated salt
- ◆ Write-down of MSEK 33.2 on capitalized development expenditure

KEY FIGURES¹

Group, TSEK	Q 2 2019	Q 2 2018	6 mos 2019	6 mos 2018	FY 2018
Net sales	867	1,794	-839	3,321	6,464
Operating profit/loss (EBIT)	-45,762	-15,863	-65,906	-29,660	-121,062
Earnings per share before and after dilution	-0.66	-0.25	-0.96	-0.50	-2.14
Equity	74,632	152,773	74,632	152,773	143,598
Cash flow from operating activities	-11,094	-16,911	-36,237	-29,143	-50,556
Equity ratio (equity/balance sheet total)	57%	72%	57%	72%	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.

² See comments on write-down of MSEK 33.2.

"THE CONCLUSION IS THAT THE POTENTIAL FOR THERMAL ENERGY STORAGE IN OUR NANOCOATED SALT IS HIGH, ESPECIALLY WITH REGARD TO LARGE-SCALE STORAGE"

READ MORE ON PAGE 4

THE CEO'S ADDRESS

My first three months at SaltX Technology have been very intensive. In addition to the day-to-day management of operations, I and the senior management team have devoted considerable energy to evaluating and developing business plans for our operations. The conclusion is that the potential for thermal energy storage in our nanocoated salt is high, especially with regard to large-scale storage.

During the spring, we had a successful inauguration of the Berlin plant, which resulted in the signing of two new partners. Tests in Berlin have continued during the summer and we expect the results in the fall.

I look forward with confidence to utilize the potential in this area. With my background from large-scale power operations, I can clearly see the need for the type of solutions we offer. We see this when we meet companies from within the energy sector.

STRONG PARTNERS

In order for a company in SaltX size to be successful, it is crucial to work with the right partners. Strong partners are needed – who are deeply involved in the projects and are very interested in the end

product. In this quarter, we have taken some important steps and found a couple of such partners. I am very pleased that we have been able to sign agreements with the German company Steinmüller and the Spanish company INERCO to, among other things, build so-called pre-commercial plants, which will be used to demonstrate our solution, for example, to power companies. We will now work together to develop a commercialization plan and business model.

At the same time, we have to be realistic and realize that this is an industry where the processes take time. Our customers and partners carry out in-depth tests and analyses before entering into regular business deals. The advantage is then that once a commercial relationship is reached, it often becomes long-lasting and profitable.

EXITING PHASE

SaltX is in an exciting phase where our technology and expertise will be put to the test. During the autumn and next year, the collaboration with our key partners will be intensified to jointly develop the pre-commercial plants, which will be based on the knowledge that we have

"I AM VERY PLEASED THAT WE HAVE BEEN ABLE TO SIGN AGREEMENTS WITH THE GERMAN COMPANY STEINMÜLLER AND THE SPANISH COMPANY INERCO..."

built up in recent years. We will continue to build values in conjunction with our partners in order to achieve the successful commercialization of EnerStore over the next few years.

WRITE-DOWN

The search for new partners to applications outside the EnerStore area has not led to any concrete results, which now causes a write-down.

In the financial statements, we have written down remaining capitalized assets for the development of other applications outside the EnerStore business area. This is a natural consequence of our focus on large-scale energy storage. SaltX has its greatest commercial potential in this area.

ENVIRONMENTAL CHALLENGES

This view is also supported by developments around the world with an increasing focus on environmental and energy challenges. We need to accelerate this transition into renewables and energy storage is a key component. With SaltX's focus and our strong partners, I am convinced that SaltX can contribute and play an important role in this transition.

Stockholm, August 2019
Carl-Johan Linér, CEO

With SaltX's focus and our strong partners, I am convinced that SaltX can contribute and play an important role in this transition.



OUR BUSINESS

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

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

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

NANOCOATED SALT IS OUR CORE BUSINESS

The company's task is to sell and deliver the world-patented nanocoated salt together with key technological know-how to customers and partners. SaltX is devel-

oping the finished solution together with partners who already supply energy plants.

In 2019, a pilot plant was opened in Berlin at Vattenfall's Reuter C CHP plant in Berlin. The plant has been demonstrated to potential customers, partners and the media. During the spring and summer, it has been test run and results from the plant are expected to be ready in autumn 2019.

It is planned that the pre-commercial plants will be built in 2020. One for the German market in conjunction with Steinmüller, and one for the Spanish and Latin American market with INERCO.

SALTX STORES HEAT

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



SALTX ECO-SYSTEM

- ◆ In the commercialization of EnerStore, there are a number of main partners that SaltX will work with. Depending on the market and the final application, these partners may differ. However, the partners will have four different functions. These are Salt Suppliers, OEM, EPC and Off Takers - see image to the right.



BUSINESS MODEL

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

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

ECO-SYSTEM

GERMANY



IBERIA AND SOUTH AMERICA



A GROWING ECO-SYSTEM

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

TWO IMPORTANT EPC PARTNERS

In 2019, the company has focused on forging alliances with competent partners who are

experienced in building power plants. Two EPC partnerships are now in place - Steinmüller and INERCO. The next step is to build pre-commercial plant facilities together and set a common plan for commercialization and customer offerings. The company's partners will also play a key role in the sale of energy storage projects.

BUSINESS MODEL



SIGNIFICANT EVENTS

... DURING QUARTER 2



GREAT INTEREST WHEN SALTX INAUGURATED THE PILOT PLANT IN BERLIN

In April, SaltX together with Vattenfall, premiered the pilot plant for large-scale energy storage in SaltX's patented nanocoated salt. The launch attracted a great deal of interest from both the press and the energy industry. Through the pilot plant, Vattenfall will evaluate large-scale energy storage in nanocoated salt.

CARL-JOHAN LINÉR IS THE NEW CEO OF SALTX TECHNOLOGY – CONSIDERABLE EXPERIENCE FROM ABB'S ENERGY BUSINESS

SaltX has recruited Carl-Johan Linér as its new CEO. With the new CEO, SaltX gains a leader with experience as Vice President of ABB Sweden and as Head of ABB Division Power Products in Ludvika.

SALTX SIGNED A DEVELOPMENT AGREEMENT WITH GERMAN PARTNER – STEINMÜLLER FOR THE CONSTRUCTION OF A PRE-COMMERCIAL THERMIC ENERGY STORAGE BASED ON NANOCOATED SALT

SaltX entered into a joint development agreement with Steinmüller Engineering GmbH to



The Steinmüller Management Team

build a thermal energy storage facility based on nanocoated salt. The parties drawn up a joint development plan where the first stage is to build a pre-commercial pilot facility in 2020 where the German market is given priority.

... AFTER END OF THE PERIOD

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

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

WRITEDOWN ON CAPITALIZED EXPENDITURE FOR DEVELOPMENT WORK – SOLE FOCUS ON LARGE-SCALE ENERGY STORAGE WITHIN ENERSTORE

SaltX wrote down the remaining capitalized expenditure for development work of applications no longer active, i.e. development of applications outside the EnerStore business area. This impairment loss totaled MSEK 33.2. The measure is for accounting purposes and had no effect on cash flow.

FINANCIAL OVERVIEW

APRIL-JUNE – QUARTER 2

REVENUE, EXPENSES AND EARNINGS *

Net sales

Net sales for the quarter totaled TSEK 867 (1,794). This consisted primarily of payments for development from US partners within the HeatBoost project.

Other income

Other revenues in the quarter totaled TSEK 1,666 (1,151) and consist of public funding 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 quarter totaled TSEK -48,295 (-23,136), broken down as costs of products sold TSEK -81 (-548), other external costs TSEK -6,441 (-11,771), personnel costs TSEK -7,731 (-9,751) and depreciation and impairment of fixed assets of TSEK -34,042 (-1,066). Write-downs were made during the period for TSEK 33,205 of the remaining capitalized expenditure for development work relating to applications other than Ener-

Store. The remaining values in the balance sheet for capitalized expenditure total TSEK 74,161 and relate to the underlying technology and the EnerStore application.

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

Operating profit/loss (EBIT)

The operating profit/loss was TSEK -45,762 (-15,863).

Financial items

Profit/loss from financial items amounted to TSEK -2,117 (-41) and consists of change of value of the holding of shares in Zhong Fa Zhan Holdings Ltd and interest on liabilities to the Swedish Energy Agency and Almi, and on leasing agreements.

Profit before tax

Profit before tax amounted to TSEK -47,879 (-15,904).

Earnings per share before and after dilution were SEK -0.66 (-0.25).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow and liquidity

Cash flow from operating ac-

vities in the quarter was TSEK -11,094 (-16,911).

Group cash and cash equivalents at the end of the quarter totaled TSEK 33,547 (40,780).

Long-term liabilities

Long-term liabilities totaled TSEK 33,734 (31,127) and consisted of long-term elements of loans from the Swedish Energy Agency for TSEK 24,358 and Almi Företagspartner for TSEK 4,800, as well as the long-term element of leasing liabilities. Repayment of the loan from the Swedish Energy Authority has been based on the criteria for commercialization being fulfilled through revenues and this will continue based on revenue per year. The loan from Almi is being repaid from July 2019 in monthly instalments over 5 years.

Investments

Investments made during the quarter that affected cash flow amounted to TSEK -310 (-4,601). These consisted of investments in patents.

Equity

Equity at the end of the period totaled TSEK 74,632 or SEK 1.03 (2.74) per share and has fallen with the negative earn-

ings. The equity ratio on the same date was 57 percent.

JANUARY-JUNE – INTERIM PERIOD

REVENUE, EXPENSES AND EARNINGS *

Net Sales

Net sales for the period totaled TSEK -839 (3,321). In Q1, SaltX terminated a license and cooperation agreement with Stjernberg Automation AB. SaltX repaid SEK 3.2 million in previously paid license fees which were partly recognized as revenue. This is the reason for the negative net sales in the period. The underlying reason is that the collaboration had not provided the intended results.

Other income

Other revenues amounted to TSEK 3,422 (1,196) and consist of public funding 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 quarter totaled TSEK -68,489 (-43,436) broken down as costs of products sold TSEK -81 (-548), other

external expenses TSEK -15,849 (-22,779), personnel costs TSEK -17,868 (-18,056) and depreciation and impairment of fixed assets for TSEK -34,691 (-2,053). Write-downs were made during the period for TSEK 33,205 of the remaining capitalized expenditure for development work relating to applications other than EnerStore.

The company has previously stated that it is looking for new partners for other applications outside EnerStore, within the applications SunCool, HeatBoost and VerdAcc, to reduce SaltX's own responsibility and efforts in these areas. This has not led to any concrete results and expected future cash flows are not sufficient to defend the remaining value.

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

Operating profit/loss (EBIT)

The operating profit/loss was TSEK -65,906 (-29,660).

Financial items

Profit/loss from financial items amounted to TSEK -2,766 (-365) and consists of change of value of the holding of shares in Zhong Fa Zhan Holdings Ltd

and interest on liabilities to the Swedish Energy Agency and Almi, and on leasing agreements.

Profit before tax

Profit/loss before tax amounted to TSEK -68,672 (-30,025).

Earnings per share before and after dilution were SEK -0.96 (-0.50).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow and liquidity

Cash flow from operating activities in the period was TSEK -36,237 (-29,143). The transition to IFRS 16 has had an effect on cash flow for 2019 as the amortization of leasing liabilities is recognized as part of financing activities instead of being included in operating activities in the form of a rental/leasing cost.

The project to develop HeatBoost, partly financed by the EU's H2020, will be prematurely completed in 2019. An advance amounting to SEK 9.2 million was received in June 2018, of which the main part is consumed within the project and the remaining SEK 3.3 million is intended to be repaid in connection with final settlement of the project in early 2020.

Group cash and cash equiva-

DEVELOPMENT PER QUARTER

TSEK	Q 2 2018	Q 3 2018	Q 4 2018	Q 1 2019	Q 2 2019
Net sales	1,794	1,472	1,671	-1,706	867
Operating profit/loss (EBIT)	-15,863	-11,610	-79,792	-20,144	-45,762
Cash flow from operating activities	-16,911	-6,412	-15,001	-25,143	-11,094
Basic earnings per share, SEK	-0.25	-0.23	-1.38	-0.29	-0.66

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

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CHANGE OF SHARE CAPITAL IN 2019

Opening balance 2019
Rights issue, part of
Directed issue, guarantee fee
Issue in kind

Change in share capital	Accumulated share capital	Change no. of shares	Accumulated no. of sharer
4,911,143.20	—	61,389,290	—
887,764.96	5,798,908.16	11,097,062	72,486,352
8,727.28	5,807,635.44	109,091	72,595,443
2.32	5,807,637.76	29	72,595,472

lents at the end of the quarter totaled TSEK 33,547 (40,780).

Investments

Investments made during the period that affected cash flow totaled TSEK -732 (-11,338). These consisted of investments in patents.

PARENT COMPANY

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

Profit/loss before tax for the period amounted to TSEK -7,739 (-4,291). The parent company's available liquid funds at the end of the period totaled TSEK 27,148 (27,605).

SHARE CAPITAL

Share capital at the end of the period totaled SEK 5,807,637.76 consisting of 72,595,472 shares at a nominal value of SEK 0.08. New capital issues were carried out at year-end and registered in January 2019. A non-cash issue was carried out in the second quarter for the acquisition of a small number of shares from the minority in the subsidiary.

SHARES

Shares in SaltX are listed on

Nasdaq First North Premier.

Share warrants

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

Incentive programs

The Annual General Meeting in April 2017 decided to authorize the Board to issue 750,000 warrants to be offered to management and other staff, primarily new employees, in the Group. This program was launched in September 2017. One option equates to one (1.009) share, the subscription period is in June 2020, and the strike price will be set on the day of issue as 150 percent of the current share price, which was SEK 48.36 (after a minor adjustment for the capital issue in 2018). Employees have acquired 725,000 options, of which the company repurchased 250,000 options, all at market value, leaving a net figure of 475,000 outstand-

ing options. With full exercise of the warrants, the Company would receive MSEK 23.0. These shares correspond to a potential dilution of 0.7 percent.

The AGM in April 2016 decided to issue 1,500,000 share warrants to be offered to senior management and all employees in the Group, partly to replace existing programs. These options have expired without being exercised as the market price was in line with the exercise price at the time of exercise in June 2019.

Earnings per share

Earnings per share for the quarter were SEK -0.96 (-0.50) based on an average figure of 71,657,059 (55,667,356) shares. When calculating the number of shares after full dilution, the additional outstanding shares from warrant programs issued have been taken into account, although this has not had any effect because the result is negative.

As of June 30, 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 the website.

Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, RFR 2 (IFRS 16 Leases, pp. 2 - 12) have been applied instead as of January 1, 2019.

The Group applies IFRS 16 Leases as of January 1, 2019. The implementation of the standard has some effect on the financial reports. For information on the effects of transition to IFRS 16, see Note 5. Accounting policies according to IFRS 16 are detailed below.

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

ACCOUNTING POLICY APPLIED TO LEASES AS OF JANUARY 1, 2019

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

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

Accounting policies applied correspond with those described in the SaltX Group's annual report for 2018, except

a straight-line basis over the shorter of the asset's useful life or the term of the lease.

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

The assets with rights of use are valued at cost and include the following:

- ◆ the initial value of the lease liability,
- ◆ payments made at or before the time when the leased asset is made available to the lessee.

The lease liabilities include the present value of the following lease payments:

- ◆ fixed payments
- ◆ variable leasing payments based on an index

The lease payments are discounted at the marginal loan rate.

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

Options to extend and terminate contracts

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE RESULT — SUMMARY

CONSOLIDATED BALANCE SHEET — SUMMARY

TSEK	Q 2 2019	Q 2 2018	6 mos 2019	6 mos 2018	FY 2018	TSEK	30 jun 2019	30 jun 2018	31 dec 2018
Net sales	867	1,794	-839	3,321	6,464	ASSETS			
Work performed by the Company for its own use and capitalized	—	4,328	—	9,259	14,672	Fixed assets			
Other operating income	1,666	1,151	3,422	1,196	4,024	Intangible assets			
TOTAL	2,533	7,273	2,583	13,776	25,160	Capitalized expenditure on development work	74,161	99,903	107,366
Cost of products sold	-81	-548	-81	-548	-2,070	IPR SunCool	—	42,602	—
Other external costs	-6,441	-11,771	-15,849	-22,779	-42,709	Patents and trademarks	2,901	2,548	2,633
Personnel costs	-7,731	-9,751	-17,868	-18,056	-34,063	Tangible assets			
Depreciation and impairment of fixed assets	-34,042	-1,066	-34,691	-2,053	-67,380	Equipment, tools, and installations	1,760	2,151	2,020
TOTAL OPERATING COSTS	-48,295	-23,136	-68,489	-43,436	-146,222	Access rights assets	6,213	—	—
OPERATING PROFIT/LOSS	-45,762	-15,863	-65,906	-29,660	-121,062	Financial fixed assets	7,973	2,151	2,020
Financial income	—	68	—	-98	-877	Shares	6,293	7,511	7,800
Financial expenses	-2,117	-109	-2,766	-267	-347	Other long-term receivables	—	1,000	—
FINANCIAL ITEMS - NET	-2,117	-41	-2,766	-365	-1,224	Total fixed assets	91,328	155,715	119,819
PROFIT/LOSS BEFORE INCOME TAX	-47,879	-15,904	-68,672	-30,025	-122,286	Current assets			
Income tax expense	—	2,053	—	2,036	2,163	Inventory	—	164	—
PROFIT/LOSS FOR THE PERIOD	-47,879	-13,851	-68,672	-27,989	-120,123	Advance payments to suppliers	35	5,983	204
Earnings per share calculated on earnings attributable to parent company shareholders, SEK									
Basic earnings per share	-0.66	-0.25	-0.96	-0.50	-2.14	Accounts receivable	893	1,877	2,633
Earnings per share after dilution	-0.66	-0.25	-0.96	-0.50	-2.14	Other current assets	2,137	2,498	8,666
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.									
EQUITY AND LIABILITIES									
Equity									
Share capital						Share capital	5,808	4,459	4,911
Rights issue, to be registered						Rights issue, to be registered	—	—	888
Other contributed capital						Other contributed capital	590,938	509,622	591,241
Accumulated profit or loss including profit/loss for the year						Accumulated profit or loss including profit/loss for the year	-522,114	-361,308	-453,442
Total equity						Total equity	74,632	152,773	143,598
Long-term liabilities									
Other liabilities						Other liabilities	29,158	31,000	29,758
Deferred tax liability						Deferred tax liability	—	127	—
Leasing liabilities						Leasing liabilities	4,576	—	—
Total long-term liabilities						Total long-term liabilities	33,734	31,127	29,758
Current liabilities									
Liabilities to minority						Liabilities to minority	—	29	—
Accounts payable						Accounts payable	2,536	5,520	12,949
Leasing liabilities						Leasing liabilities	1,726	—	—
Other liabilities						Other liabilities	2,320	11,203	1,443
Accrued expensed and deferred income						Accrued expensed and deferred income	14,924	12,138	17,596
Total current liabilities						Total current liabilities	21,506	28,890	31,988
TOTAL EQUITY AND LIABILITIES						TOTAL EQUITY AND LIABILITIES	129,872	212,790	205,344

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED CASH FLOW STATEMENT

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
				incl. profit/loss for the year	Total equity	
Opening balance Jan 1, 2018	4,397	—	490,294	-333,319	161,372	
Period Jan-Jun 2018						
Net income/loss Jan-Jun 2018 equal to total comprehensive income	—	—	—	-27,989	-27,989	
Total comprehensive income	—	—	—	-27,989	-27,989	
Transactions with shareholders in their capacity as shareholders:						
Rights issues	61	—	19,411	—	19,472	
Issue expenses	—	—	-748	—	-748	
Warrants sold	—	—	588	—	588	
Ending balance Jun 30, 2018	4,458	—	509,545	-361,308	152,695	
Period Jul-Dec 2018						
Net income/loss Jul-Dec 2018 equal to total comprehensive income	—	—	—	-92,134	-92,134	
Total comprehensive income	—	—	—	-92,134	-92,134	
Transactions with shareholders in their capacity as shareholders:						
Rights issues	453	—	29,041	—	29,494	
Rights issues, under registration	—	888	—	—	61,034	
Issue expenses	—	—	-7,490	—	-7,490	
Warrants sold and repurchased	—	—	-1	—	-1	
Closing balance Dec 31, 2018	4,911	888	591,241	-453,442	143,598	
Opening balance Jan 1, 2019	4,911	888	591,241	-453,442	143,598	
Net income/loss Jan-Jun 2019 equal to total comprehensive income	—	—	—	-68,672	-68,672	
Total comprehensive income	—	—	—	-68,672	-68,672	
Transactions with shareholders in their capacity as shareholders:						
Rights issues	9	—	—	—	9	
Rights issues, under registration	888	-888	—	—	—	
Issue expenses	—	—	-301	—	-301	
Warrants repurchased	—	—	-2	—	-2	
Closing balance Jun 30, 2019	5,808	—	590,938	-522,114	74,632	

TSEK	Q 2 2019	Q 2 2018	6 mos 2019	6 mos 2018	FY 2018
Cash flow from operating activities					
Profit/loss after financial items	-47,879	-15,904	-68,672	-30,025	-122,286
Adjustments for non-cash items etc.	36,036	1,066	36,783	2,342	68,380
-11,843	-14,838	-31,889	-27,683	-53,906	
Increase/decrease in operating receivables	1,692	4,214	8,856	-4,435	-1,993
Increase/decrease in operating liabilities	-943	-6,287	-13,204	-2,975	5,343
Cash flow from change of working capital	-749	-2,073	-4,348	-1,460	3,350
Cash flow from operating activities	-10,494	-16,911	-36,237	-29,143	-50,556
Cash flow from investing activities					
Acquisition of intangible assets	-310	-4,435	-732	-9,507	-39,518
Acquisition of tangible assets	—	-166	—	-629	-760
Acquisition of financial assets	—	—	—	-1,000	-1,000
Merger by SunCool AB	—	—	—	803	803
Increase/decrease in long-term receivables	—	—	—	-1,005	-1,005
Cash flow from investing activities	-310	-4,601	-732	-11,338	-41,480
Cash flow from financing activities					
New capital issue, net of issue expenses	-51	78	-294	103	83,062
Amortizations of debts	—	—	—	—	-512
Change in long term leasing liabilities	-431	—	-862	—	—
Financing for development from European Union	—	9,321	—	9,321	9,321
Cash flow from financing activities	-482	9,399	-1,156	9,424	91,871
Cash flow for the period	-11,886	-12,113	-38,125	-31,057	-165
Cash equivalents at beginning of period	45,433	52,893	71,672	71,837	71,837
Cash equivalents at end of period	33,547	40,780	33,547	40,780	71,672

NOTES

NOTE 1 SIGNIFICANT ESTIMATES AND JUDGMENTS FOR ACCOUNTING PURPOSES

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

- ◆ **Intangible assets:** The largest reported asset in the SaltX balance sheet consists of capitalized expenditure for development work. These are attributable from June 30, 2019, after write-downs, to the underlying technology and the EnerStore application. An impairment test of this asset is based on an estimate and assessment of what the Company's technology may lead to in terms of future income and cash

flows. Important factors for calculating these future values are volume growth, profit margin and discount rate. A significant change in important components in the calculation may mean that the balance sheet item needs to be adjusted.

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

NOTE 2 REVENUE

The Group has reported the following amounts in the income statement attributable to reve-

nue (see the table at the bottom of this page).

NOTE 3 FINANCIAL INSTRUMENTS

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

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

The assets have been valued in level 1 in the true value chain and the shares have been written down to market value with 1,507 TSEK in quarter 2.

For the Group's borrowing from Almi Företagspartner, the carrying amount of the loan corresponds to its fair value as the interest rate on this loan is in

REVENUES

Revenue from agreements with customers	Q 2 2019	Q 2 2018	6 mos 2019	6 mos 2018	FY 2018
	867	1,794	-839	3,321	6,464
Other revenue	1,666	1,151	3,422	1,196	4,024
Total revenue	2,533	2,945	2,583	4,517	10,488

The Group has revenues as specified below:

Product sale	Q 2 2019	Q 2 2018	6 mos 2019	6 mos 2018	FY 2018
	54	403	216	403	500
License and royalty revenue	—	—	-2,178	1,014	2,624
Development work	813	740	1,123	734	1,200
Consultancy services (technology)	—	651	—	1,170	2,140
Total revenue from customers	867	1,794	-839	3,321	6,464

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

TRUE VALUE

Jun 30, 2019		Jun 30, 2018	
Carrying amount	Carrying amount	Carrying amount	Carrying amount
State Energy Agency	24,358	23,830	25,000

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

parity with current market interest rates. Significant differences have been identified in regard to the loan from the Swedish Energy Agency.

NOTE 4 TRANSACTIONS WITH AFFILIATES

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

NOTE 5 EFFECT OF THE INTRODUCTION OF IFRS 16 LEASES

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

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

- ◆ Right of use assets have been

classified according to asset class: office premises and vehicles. The assets are only found in Sweden.

- ◆ The right of use has been established with the help of subsequent knowledge regarding, for example, extension options and termination clauses.

if previous accounting principles were applied.

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

Effect in the balance sheet

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

Effect in the income statement

IFRS 16 has had a negligible impact on operating profit and earnings after financial items.

Effect in the cash flow statement

The transition to IFRS 16 has had an effect on cash flow for the first half year of 2019 as the amortization of the leasing liability is recognized as part of financing activities instead of being included in operating activities. This means that cash flow from operating activities for the first half year of 2019 is TSEK 862 higher, while cash flow from financing activities is TSEK 862 lower compared with

PARENT COMPANY INCOME STATEMENT

TSEK	6 mos 2019	6 mos 2018	FY 2018
NET SALES	1,200	1,870	3,528
Cost of goods sold	—	86	-162
Other external costs	-3,132	-4,107	-7,307
Personnel costs	-5,583	-3,389	-6,511
TOTAL OPERATING EXPENSES	-8,715	-1,582	-13,980
OPERATING RESULT	-7,515	-5,712	-10,452
Financial income	1,283	1,668	5,067
Financial expenses	-1,507	-247	-341
FINANCIAL ITEMS - NET	-224	1,421	4,726
PROFIT BEFORE TAX	-7,739	-4,291	-5,726
Group contribution	—	—	-20,000
Income tax	—	2,020	2,070
PROFIT/LOSS FOR THE PERIOD	-7,739	-2,221	-23,656

PARENT COMPANY BALANCE SHEET

TSEK	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
ASSETS			
FINANCIAL ASSETS			
Participations in subsidiaries	197,270	97,261	197,270
Shares	6,293	7,511	7,800
Other long term financial assets	—	1,000	—
Total fixed assets	203,563	105,772	205,070
Current assets			
Current receivables			
Accounts receivable	—	1,451	—
Other receivables	368	787	4,987
Accounts receivable from Group companies	65,990	105,201	32,552
Prepaid expenses and accrued income	492	365	196
Cash and bank deposits	27,148	27,605	64,581
Total current assets	93,998	135,409	102,316
TOTAL ASSETS	297,561	241,181	307,386
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	5,808	4,459	4,911
Other contributed capital	—	—	888
	5,808	4,459	5,799
Non-restricted equity			
Share premium reserve	372,283	290,984	372,584
Retained earnings	-78,163	-54,507	-54,507
Profit/loss for the year	-7,739	-2,221	-23,656
	286,381	234,256	294,421
Total equity	292,189	238,715	300,220
Current liabilities			
Accounts payable	312	59	3,024
Other liabilities	570	141	758
Accrued expenses and deferred income	4,490	2,266	3,384
Total current liabilities	5,372	2,466	7,166
TOTAL EQUITY AND LIABILITIES	297,561	241,181	307,386

OTHER INFORMATION

STATEMENT BY THE BOARD OF DIRECTORS AND THE CEO

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

Stockholm August 23, 2019
Board of Directors

Åke Sund
Chairman

Staffan Andersson
Board member

Tony Grimaldi
Board member

Elin Lydahl
Board member

Tommy Nilsson
Board member

Indra Åsander
Board member

Carl-Johan Linér
CEO

The report has not been reviewed by the company's auditor.

CALENDAR

Interim report Q3 2019
Year-end report 2019

November 8, 2019
February 21, 2020

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