SaltX Technology

SaltX Technology Holding AB (publ)

INTERIM REPORT Q1 2020

This information is information which SaltX Technology is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication on May 5, 2020, at 8:00 a.m.

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INTERIM REPORT Q1 2020

FINANCIAL EVENTS

Q1

- Net sales amounted to MSEK 0.1 (-1.7)
- Operating profit/loss (EBIT) totaled MSEK -9.2 (-20.1)
- Cash flow from operating activities amounted to MSEK -9.1 (-25.1)
- Earnings per share before and after dilution amounted to SEK -0.12 (-0.29)

SIGNIFICANT EVENTS

Q1

- SaltX's Chinese partner begins construction of pilot plant
- Uncertainty regarding the effects of COVID-19

"THE EXPANSION OF RENEWABLE ENERGY CREATES THE NEED FOR LARGE-SCALE ENERGY STORAGE. IT BENEFITS OUR FUTURE JOURNEY WITHIN THE COMPANY.

READ MORE ON PAGE 4

KEY FIGURES

Group, TSEK	Q 1 2020	Q 1 2019	FY 2019
Net sales	64	-1,706	193
Operating profit/loss (EBIT)	-9,158	-20,143	-83,830
Earnings per share before and after dilution	-0.12	-0.29	-1,22
Equity	121,446	122,562	131,748
Cash flow from operating activities	-8,958	-25,144	-58,820
Equity ratio (equity/balance sheet total)	73%	69%	73%

THE CEO'S ADDRESS

SaltX Technology's operations have largely progressed according to plan in Q1, although covid-19 has had a delayed impact on the business. This impact is also affecting Q2.

A significant part of SaltX's operations is to research and develop energy storage in the company's patented nanocoated salt. Part of this work is carried out in-house and therefore has been able to continue without any impact from covid-19.

GREATER FLEXIBILITY

Work on the so-called fluidizing bed is continuing. The bed is a reactor alternative to the heating screw we used, for example, in the plant in Berlin. Reactors are the very core of the process where the salt is charged with heat or electricity and then discharged to emit heat.

The fluidizing bed, in short, will give us greater flexibility, efficiency and reliability. Our own tests as well as tests done at the University of Munich has fallen out well. We do need further tests and runs to evaluate and optimize the final fluidized bed solution.

WORK CONTINUES DURING 2020

When it comes to the collaboration with our three partners, covid-19 has had a major impact.

Our work with our Chinese partner Shuangliang, who was the first to close down due to covid-19, has now resumed their work. The nanocoated salt that we have delivered to Shuangliang has now arrived at the Chinese port, which enables the start-up of tests. We estimate that the pilot plant will be completed in 2020.

As for our two European partners — Spanish INERCO and German Steinmüller — the work went according to plan at the beginning of the year but has now been paused due to restrictions of covid-19. Our own development of the fluidized bed and the nanocoated salt has continued with both external experts and internal expertise.

OUR OWN DEVELOPMENT OF THE FLUIDIZED BED AND THE NANOCOATED SALT HAS CONTINUED WITH BOTH EXTERNAL EXPERTS AND INTERNAL EXPERTISE.

NEW PHASE

The project in Berlin with Vattenfall is on its way to a new phase where, in time, we expect to be able to test our solution with a fluidizing bed. It is essential for us to verify our work in a large-scale environment similar as the one at Vattenfall.

LARGER FOCUS

The transition in the energy industry was well under way before covid-19 broke out, with a reduction in coal power and an increase in renewable energy sources in the EU. It is our conviction that this transition will continue and probably with an even greater focus and commitment. The expansion of renewable energy creates the need for large-scale energy storage. It benefits our future journey within the company.

I also want to take the opportunity to mention two interesting opportunities we are currently working with.

HELSINKI ENERGY CHALLENGE

The capital of Finland has announced a global sustainability competition to find a new sustainable heating solution for the city. During the year, we will submit a grant that complies with the requirements set by Helsinki to meet the goals of a sustainable heating solution for the city.

EASE MEMBERSHIP

Earlier this year, we chose to join the European Association for Storage of Energy. An organization based in Brussels, that works primarily with various policy makers to support the development and implementation of innovative energy storage technologies.

I thank you for the trust to continue this company with talented and competent employees.

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 FORWARD

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.

ORIGINAL EQUIPMENT MANUFACTURERS (OEM)
KEY COMPONENTS (CHARGER/DISCHARGER ETC.)

SALT PRODUCERS
PREPARE AND PROCESS NCS

SaltX Technology

ENGINEERING PROCURMENT CONSTRUCTION (EPC)
INSTALLERS OF THE ENERGY STORAGE PLANT

OFF TAKERS
END CUSTOMERS (ENERGY COMPANIES, INDUSTRIES, MUNICIPALITIES)

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 delivery of the nanocoated salt and knowledge around it to selected system partners, who build and commission 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 companies Nordkalk and Wacker are in place to supply the future projects with nanocoated salt.

THREE IMPORTANT PARTNERS

Three important partners are now in place — German Steinmüller, Spanish INERCO and Chinese Shuangliang.

All partners are competent in building energy plants. In 2020 – the work of building pre-commercial facilities and to set common plans for commercialization and customer offers will continue. 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

AFFÄRSMODELL

SIGNIFICANT EVENTS

... DURING THE FIRST QUARTER

SALTX'S CHINESE PARTNER BEGINS CONSTRUCTION OF A PILOT PLANT

SaltX Technology's partner in China, Shuangliang Boiler Co. Ltd, is entering the next phase of the pilot project. As part of the development work, the drawings have been completed and one tonne of nanocoatat salt has been supplied. The pilot plant is expected to be completed in 2020.

... OTHER INFORMATION

UNCERTAINTY REGARDING THE EFFECTS OF COVID-19

During the first quarter of 2020, the spread of COVID-19 in Sweden and the rest of the world has had a significant impact on the economy and financial markets, both in Sweden and internationally. However, at the time of the report's submission, management and the Board of Directors have not noticed any significant impact on the Company's internal operations. The Board of Directors and management find that the company has a strong financial position after the new share issue in autumn 2019. Moreover, the company has no business-critical dependence on any suppliers. The impact on the company's partners described on page 4 is judged not to be decisive for SaltX's operations.

SaltX's Yaou Wu with an employee from Shuangliang Boiler in China.

FINANCIAL OVERVIEW

JANUARY–MARCH – Q1

REVENUE, EXPENSES AND EARNINGS

Net sales
Net sales for the quarter amounted to TSEK 64 (-1,706). During the first quarter of 2019, SaltX ended a licensing and cooperation agreement and repaid MSEK 3.2 in previously paid license fees that were partly recognized. This explains the negative sales in 2019. The cooperation was terminated because it had not produced the intended results.

Other income
Other income in the quarter totaled TSEK 81 (1,756). For the first quarter of 2019, this consisted primarily of public contributions from the European Union's Horizon 2020 project for the HeatBoost project.

Expenses
Expenses during the quarter amounted to TSEK -9,303 (-20,193) broken down as other external expenses TSEK -3,580 (-9,408), personnel costs TSEK -4,200 (-10,137) and depreciation and impairment of fixed assets of TSEK -1,523 (-648). Capitalized development expenditure is made up of two parts: the basic technology and the large-scale energy storage application. Depreciation of basic technology in the amount of MSEK 3.6 per year over a ten-year period commenced in 2020. The quarter has therefore been charged with TSEK 903 in increased depreciation from this.

In total, expenses are lower than last year due to fewer employees and a lower activity level.

Operating profit/loss (EBIT)
Operating profit/loss was TSEK -9,158 (-20,143).

Financial items
Profit/loss from financial items amounted to TSEK -1,055 (-650) and consisted of interest on liabilities to the Swedish Energy Agency and Almi Företagspartner, as well as on leasing liabilities. The interest rate on these liabilities is around 6 percent. In addition, TSEK -467 is included in reduced fair value of shares.

Profit/loss before tax
Profit/loss before tax was TSEK -10,163 (-20,793).

Earnings per share before and after dilution amounted to SEK -0.12 (-0.29).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

Cash flow and liquidity
Cash flow from operating activities in the quarter was TSEK -8,958 (-25,144).

Group cash equivalents at the end of the quarter totaled TSEK 75,440 (45,433)

Long-term liabilities
Long-term liabilities totaled TSEK 32,063 (34,674) and consisted of loans from the Swedish Energy Agency for TSEK 24,388 and Almi Företagspartner for TSEK 3,900 and the long-term element of leasing liabilities. A request for remission of most of the loan was sent to the Swedish Energy Agency, but was rejected. Reconsideration of the decision will be requested.

The loan from Almi is amortized monthly for 5 years.

Investments
During the quarter, investments were made that impacted cash flow by TSEK -230 (-422). These consisted of ongoing investments in new patents, including patent applications in additional markets.

Equity
Equity at the end of the period totaled TSEK 121,446 (122,562) or SEK 1.38 (1.69)

DEVELOPMENT PER QUARTER

TSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Net sales	-1,706	867	165	867	64
Operating profit/loss (EBIT)	-20,143	-45,763	-6,983	-10,941	-9,158
Cash flow from operating activities	-25,144	-11,093	-12,427	-10,156	-8,958
Earnings per share, SEK	-0.29	-0.66	-0.10	-0.16	-0.12

per share and has fallen with the negative earnings. The equity ratio on the same date was 73 percent.

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 -2,444 (-4,195). The parent company's available liquid funds as per March 31 totaled TSEK 72,435 (38,353).

SHARE CAPITAL

Share capital at the end of the period totaled SEK 7,034,958.72 consisting of 87,936,984 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.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 SEK 96 million.

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 2019 and 2019 capital issues. 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 -0.12 (-0.29) based on an average figure of 85,380,065 (70,718,660) 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, 2020, 52 shares, representing less than 0.01 percent of total shares, had not yet been subscribed for

CHANGES IN SHARE CAPITAL IN 2019

	Change in share capital	Accumulated share capital	Change in no. of shares	Accumulated no. of shares
Opening balance 2020		5,807,637.76		72,595,472
New issue	1,161,527.52	6,969,165.28	14,519,094	87,114,566
Warranty issue, guarantee fee	65,793.44	7,034,958.72	828,418	87,936,984

from the merger between the company and SaltX Technology in April 2016.

Uncertainty regarding the effects of covid-19

During the first quarter of 2020, the spread of COVID-19 in Sweden and the rest of the world has had a significant impact on the economy and financial markets, both in Sweden and internationally. However, at the time of the report's submission, management and the Board of Directors have not noticed any significant impact on the Company's operations, except that most meetings – both internal and external – are being held online, which is judged to delay processes to some extent. The Board of Directors and management find that the company has a strong financial position after the new share issue in autumn 2019. Moreover, the company has no business-critical dependence on any suppliers. Nor is any impact on the company's partners judged to be decisive for SaltX's operations.

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 2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE RESULT – SUMMARY

TSEK	Q 1 2020	Q 1 2019	FY 2019
Net sales	64	-1,706	193
Other operating income	81	1,756	6,144
TOTAL	**145**	**50**	**6,337**
Cost of products sold	–	–	-126
Other external costs	-3,580	-9,408	-24,542
Personnel costs	-4,200	-10,137	-27,860
Depreciation and impairement of fixed assets	-1,523	-648	-37,639
TOTAL OPERATING COSTS	**-9,303**	**-20,193**	**-90,167**
OPERATING PROFIT/LOSS	**-9,158**	**-20,143**	**-83,830**
Financial income	–	–	8
Financial expenses	-1,005	-650	-3,875
FINANCIAL ITEMS - NET	**-1,005**	**-650**	**-3,867**
PROFIT/LOSS BEFORE INCOME TAX	**-10,163**	**-20,793**	**-87,697**
PROFIT/LOSS FOR THE PERIOD	**-10,163**	**-20,793**	**-87,697**

Earnings per share calculated on earnings attributable to parent company shareholders, SEK			
Basic earnings per share	-0.12	-0.29	-1.22
Earnings per share after dilution	-0.12	-0.29	-1.22

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	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
ASSETS			
Fixed assets			
Intangible assets			
Capitalized expenditure on development work	74,237	107,366	75,139
Patents and trademarks	1,463	2,898	1,354
	75,700	**110,264**	**76,493**
Tangible assets			
Equipment, tools, and installations	1,325	1,909	1,445
Access-rights assets	5,063	6,594	5,443
	6,388	**8,503**	**6,888**
Financial fixed assets			
Shares	5,650	7,800	6,117
	5,650	**7,800**	**6,117**
Total fixed assets	**87,738**	**126,567**	**89,498**
Current assets			
Accounts receivable	63	918	1,077
Other current assets	2,112	3,645	2,346
Prepaid expenses and accrued income	1,564	2,126	1,462
Cash and cash equivalents	75,440	45,433	85,321
Total current assets	**79,179**	**52,122**	**90,206**
TOTAL ASSETS	**166,917**	**178,689**	**179,704**
EQUITY AND LIABILITIES			
Equity			
Share capital	7,035	5 ,808	5,808
Rights issue, to be registered	–	–	1,228
Other contributed capital	665,713	590,989	665,851
Accumulated profit or loss including profit/loss for the year	-551,302	-474,235	-541,139
Total equity	**121,446**	**122,562**	**131,748**
Long-term liabilities			
Other liabilities	28,288	29,758	28,588
Leasing liabilities	3,775	4,916	4,150
Total long-term liabilitiesr	**32,063**	**34,674**	**32,738**
Current liabilities			
Accounts payable	1,297	3,113	2,237
Leasing liabilities	1,467	1,726	1,447
Other liabilities	5,291	1,375	4,954
Accrued expensed and deferred income	5,353	15,239	6,580
Total current liabilities	**13,408**	**21,453**	**15,218**
TOTAL EQUITY AND LIABILITIES	**166,917**	**178,689**	**179,704**

CONSOLIDATED STAEMENT 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, 2019	**4,911**	**888**	**591,241**	**-453,442**	**143,598**
Net income/loss Jan – Mar, 2019 equal to total comprehensive income	–	–	–	-20,793	-20,793
Total comprehensive income	**–**	**–**	**–**	**-20,793**	**-20,793**
Transactions with shareholders in their capacity as shareholders:					
Rights issues	897	-888	–	–	9
Issue expenses	–	–	-250	–	-250
Warrants sold	–	–	-2	–	-2
Ending balance Mar 31, 2019	**5,808**	**–**	**590,989**	**-474,235**	**122,562**
Opening balance Apr 1, 2019	**5,808**	**–**	**590,989**	**-474,235**	**122,562**
Net income/loss Apr – Dec, 2019 equal to total comprehensive income	–	–	–	-66,904	-66,904
Total comprehensive income	**–**	**–**	**–**	**-66,904**	**-66,904**
Transactions with shareholders in their capacity as shareholders:					
Rights issues, under registration	–	1,228	84,508	–	85,736
Issue expenses	–	–	-9,646	–	-9,646
Closing balance Dec 31, 2019	**5,808**	**1,228**	**665,851**	**-541,139**	**131,748**
Opening balance Jan 1, 2020	**5,808**	**1,228**	**665,851**	**-541,139**	**131,748**
Net income/loss Jan – Mar, 2020 equal to total comprehensive income	–	–	–	-10,163	-10,163
Total comprehensive income	**–**	**–**	**–**	**-10,163**	**-10,163**
Transactions with shareholders in their capacity as shareholders:					
Rights issues	1,227	-1,228	–	–	-1
Issue expenses	–	–	-138	–	-138
Closing balance Mar 31, 2020	**7,035**	**–**	**665,713**	**-551,302**	**121,446**

CONSOLITADED CASH FLOW STATEMENT

TSEK	Q 1 2020	Q 1 2019	FY 2019
Cash flow from operating activities			
Profit/loss after financial items	-10,163	-20,793	-87,697
Adjustments for non-cash items etc.	2,133	746	39,899
	-8,030	**-20,047**	**-47,798**
Increase/decrease in operating receivables	1,146	7,164	8,968
Increase/decrease in operating liabilities	-2,074	-12,261	-19,990
Cash flow from change of working capital	**-928**	**-5,097**	**-11,022**
Cash flow from operating activities	**-8,958**	**-25,144**	**-58,820**
Cash flow from investing activities			
Acquisition of intangible assets	-230	-421	-2,038
Cash flow from investing activities	**-230**	**-421**	**-2,038**
Cash flow from financing activities			
New capital issue, net of issue expenses	-282	-243	75,847
Change in long term leasing liabilities	-411	-431	-1,340
Cash flow from financing activities	**-693**	**-674**	**74,507**
Cash flow for the period	**-9,881**	**-26,239**	**13,649**
Cash equivalents at beginning of period	85,321	71,672	71,672
Cash equivalents at end of period	75,440	45,433	85,321

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:

- Historical financing from the Swedish Energy Agency
  - Long-term liabilities consist largely of loans from the Swedish Energy Agency in the amount of TSEK 24,388. A request for remission of most of the loan was sent to the Swedish Energy Agency, but was rejected. Reconsideration of the decision will be requested.
- **Intangible assets:** The largest asset recognized in SaltX's balance sheet is capitalized development expenditure. This is attributable to the basic technology and the large-scale energy storage application, 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.

  Depreciation of basic technology in the amount of MSEK 3.6 per year over a ten-year period commenced in 2020.

  - *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 period, 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.

REVENUE

	Q1 2020	Q1 2019	FY 2019
Revenue from agreements with customers	64	-1,706	193
Other revenue	81	1,756	6,144
Total revenue	**145**	**50**	**6,337**

The Group has revenue from customers as specified below:

	Q1 2020	Q1 2019	FY 2019
Product sales	14	162	393
License and royalty revenue	–	-2,178	-2,067
Development collaboration	50	310	1,867
Total revenue from customers	**64**	**-1,706**	**193**

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 the table on the preceding page).

NOTE 3 FINANCIAL INSTRUMENTS

Financial assets are valued at fair value through the income statement

Shares of listed ompanies as of	Mar 31, 2020	Mar 31, 2019
Central Development Holdings Ltd (formerly Zhong Fa Zhan Holdings Ltd)	5,650	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 reported value of the liability is expected to change. A request for remission of most of the loan was sent to the Swedish Energy Agency, but was rejected. Reconsideration of the decision will be requested.

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 2020, no transactions with affiliated parties have occurred other than agreed payments to the Board of Directors and management.

TRUE VALUE

	March 31, 2020		March 31, 2019	
	Carrying amount	Carrying amount	Carrying amount	Carrying amount
State Energy Agency	24,388	23,830	24,488	23,830

PARENT COMPANY INCOME STATEMENT

TSEK	Q 1 2020	Q 1 2019	FY 2019
NET SALES	**600**	**600**	**2 400**
Other external costs	-1,009	-1,881	-4,444
Personnel costs	-1,634	-3,431	-8,876
TOTAL OPERATING EXPENSES	**-2,643**	**-5,312**	**-13,320**
OPERATING RESULT	**-2,043**	**-4,712**	**-10,920**
Financial income	66	517	3,198
Financial expenses	-467	—	-1,683
FINANCIAL ITEMS — NET	**-401**	**517**	**1,515**
PROFIT BEFORE TAX	**-2,444**	**-4,195**	**-9,405**
Group contribution	—	—	-83,000
PROFIT/LOSS FOR THE PERIOD	**-2,444**	**-4,195**	**-92,405**

PARENT COMPANY BALANCE SHEET

TSEK	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
ASSETS			
Financial assets			
Participations in subsidiaries	197,270	197,270	197,270
Shares	5,650	7,800	6,117
Total fixed assets	**202,920**	**205,070**	**203,387**
Current assets			
Current receivables			
Other receivables	351	350	782
Accounts receivable from Group companies	8,817	57,069	750
Prepaid expenses and accrued income	452	535	265
Cash and bank deposits	72,435	38,353	82,458
Total current assets	**82,055**	**96,307**	**84,255**
TOTAL ASSETS	**284,975**	**301,377**	**287,642**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	7,035	5,808	5,808
Other contributed capital	—	—	1,228
	7,035	**5,808**	**7,036**
Non-restricted equity			
Share premium reserve	447,058	372,334	447,196
Retained earnings	-170,568	-78,163	-78,163
Profit/loss for the year	-2,444	-4,195	-92,405
	274,046	**289,976**	**276,628**
Total equity	**281,081**	**295,784**	**283,664**
Current liabilities			
Accounts payable	523	328	778
Other liabilities	236	124	158
Accrued expenses and deferred income	3,135	5,141	3,042
Total current liabilities	**3,894**	**5,593**	**3,978**
TOTAL EQUITY AND LIABILITIES	**284,975**	**301,377**	**287,642**

AFFIRMATION BY THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and CEO affirm that this interim 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, May 5, 2020
Board of Directors

Åke Sund *chair*	Staffan Andersson *board member*	Tony Grimaldi *board member*
Hans Holmström *board member*	Erica Larson *board member*	Elin Lydahl *board member*

Carl-Johan Linér
CEO

This interim report has not been reviewed by the Company's auditor.

OTHER INFORMATION

CALENDAR

Interim Report Q2 2020	August 25, 2020
Interim Report Q3 2020	November 4, 2020
Year-end Report 2020	February 17, 2021

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