SaltX Technology acquires SunCool AB

- Addressing the Chinese market more effectively. Pays with SaltX shares equal to approximately 1 per cent dilution

- **SaltX Technology, listed on Nasdaq First North, reports today its intention to suggest to its shareholders that the companies SunCool and SaltX are merged. The objective is to merge the companies' resources in order to facilitate the interaction with the strategic important Chinese partner Ningbo Shenggu Energy Conservation Co. Ltd (NSECT). After the merger the full royalty of 5 per cent from NSECT will be for the account of SaltX.**
- **SunCool AB today is a separate company which in 2015 acquired the rights for the SunCool-application for the Chinese market from SaltX (at the time ClimateWell AB).**
- **SaltX Technology pays to the shareholders of SunCool newly issues SaltX shares. The value of SunCool has been determined to about SEK 24 million. The share issue is equivalent to about 1 per cent dilution of the number of shares in SaltX based on the proposed exchange relation and current share price of SaltX. The transaction is conditioned upon two thirds majority at an extra shareholders meeting in SaltX approving the proposal.**

The Boards of Directors in the two companies have developed a merger plan which will be registered at the Swedish Company Registration Office (Sv. *Bolagsverket*) which is expected to be completed within about one to two weeks. Thereafter the companies will call for extra shareholders meetings which is expected to take place in the end of October in Stockholm

"As SaltX now acquires SunCool we will achieve a more effective way to address the important Chinese market. At the same time we can obtain synergies also in markets outside China such as India, Africa and Australia", says Karl Bohman, CEO of SaltX

Åke Sund, Chairman of SaltX, continues: *"The merger is a natural step for the development of SaltX. Since SunCool was divested in 2015, SaltX was listed on Nasdaq First North and conditions have changed making it logical for SaltX to acquire SunCool in order to strengthen the position of the company within this application area."*

About the transaction

- Shareholders in SaltX Technology (SaltX) shall at an EGM approve the proposal by the Board to issue a maximum of 733,193 shares in SaltX for exchange of all shares in SunCool AB, one (1) SaltX share for threethousandfivehundred (3,500) SunCool shares.
- Based on current approximate SaltX stock price of SEK 33, this value corresponds to a value for SunCool of approximately SEK 24 million. The issued shares in SaltX would equate to a dilution of about 1 per cent.
- Shareholders representing about 62 per cent ownership in SaltX have expressed that they will support the proposal by the Board. The decision will need two thirds majority of present number of votes at the EGM.

The Board of Directors in SunCool will also propose to its shareholders the same proposal of a merger with SaltX. The proposal will be addressed for approval at an extra shareholders meeting in SunCool right after the EGM in SaltX having approved the proposed merger. Shareholders representing 75 per cent ownership of SunCool have expressed that they will approve the proposal by the Board.

The objective

The objective of the merger is to merge the companies' resources in order to facilitate the interaction with the Chinese partner NSECT and at the same time achieve synergies addressing other markets outside Chine such as India, Africa, and Australia. After the merger the full royalty of 5 per cent from NSECT will be for the account of SaltX

Background

SunCool was during the autumn 2015 a dormant wholly-owned subsidiary of ClimateWell. ClimateWell is since 2016 a subsidiary of SaltX. The ownership structure was created when shareholders in ClimateWell were offered to acquire newly issued shares in SunCool. ClimateWell's shares in SunCool were subsequently redeemed, whereby the ownership structure was dissolved. SunCool acquired the market rights as well as other rights for the SunCool application, for the Chinese market from ClimateWell, and licensed these rights to NSECT. This company is now about to start up production of products based on this application in a newly established plant in China. SunCool has agreed with NSECT for royalty on revenue from sold products that SunCool will share 50/50 with ClimateWell.

Approximately 75 percent of SunCool is today owned by the two largest SaltX owners, Stiftelsen Industrifonden and Skirner AB. When the structure of NSECT was formed in 2015, the conditions for ClimateWell and SunCool were significantly different than today. Through the introduction of SaltX on First North and the very positive development for SaltX, the company is well-capitalized. SaltX has the capacity and resources to expand and actively develop all of the applications the company is working with today, as well as identifying and developing new opportunities. This also applies to the SunCool application both in the significant Chinese market, as well as on several other interesting markets.

SunCool, on the other hand, has neither staff nor financial resources to assist NSECT or to wait for royalties from NSECT. SunCool needs additional financing. In February 2017 the main owners contributed SEK 3 million to SunCool.

The joint owners and the two Boards in SunCool and SaltX have agreed to suggest a merger between SunCool och SaltX which is what is being proposed to the shareholders in both companies.

Directly after the merger SaltX will decide to do a conditional contribution of the assets emanating from SunCool to the subsidiary of SaltX ClimateWell where all operations are conducted. In practice the two operations of SunCool and ClimateWell are merged into one company.

Valuation of SunCool

As a basis for the number of shares in SaltX offered to SunCool owners, a market valuation of SunCool has been carried out by the companies' board of directors. The boards have engaged an independent third party to review the valuation and the independent third party deems that the valuation is financially fair. The value of SunCool is based on the following circumstances.

1) SunCool's business consists of the expected flow of royalties on the revenue from sold units by NSECT

2) Only a small amount of the consideration for the rights acquired from ClimateWell has been settled. What remains to be paid is SEK 27 million with accrued interest

3) In connection with the formation of the NSECT structure, SunCool also acquired shares and warrants in NSECT's parent company Zhong Fa Zhan Holdings Ltd (ZFZ). ZFZ is a listed company in Hong Kong. The stock price for ZFZ has not had a positive development since 2015 and impairment losses have also affected SunCool's financial position

4) Overall, this has resulted in that all the shares in SunCool are worth approximately SEK 24 million based on the value of the shares in SaltX being offered in exchange

5) As a basis for the valuation, the same estimation and assessment of future sales volume has been used as when SunCool was formed

6) The value corresponds with the capital invested by the shareholders in 2015, and means that shareholders in SunCool essentially will obtain their invested capital in return

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Denna information är sådan information som SaltX Technology är skyldigt att offentliggöra enligt EU:s marknadsmissbruksförordning. Informationen lämnades, genom ovanstående kontaktpersons försorg, för offentliggörande den 18 september, 2017 kl. 21.00 CET.

About SaltX Technology

SaltX Technology develops and sells patented energy storage technology, which is marketed under the brand SaltX ™. Customers consist mainly of major global OEM partners such as Alfa Laval, Mobile Climate Control and Rheem. SaltX Technology's stock is listed on Nasdaq Stockholm First North. FNCA Sweden AB is SaltX Technology's Certified Adviser. For more information, visit www.saltxtechnology.com.