

HALF-YEARLY REPORT

1 JANUARY – 30 JUNE 2018



RiPASSO ENERGY



RIPASSO ENERGY AB IN BRIEF

Ripasso Energy AB is a Swedish environmental technology company founded in 2008 with a mission to develop and commercialise Stirling technology's ability to convert thermal energy to electricity. The company currently produces solutions and products for generating electricity at low cost compared to other renewable and sustainable alternatives. Ripasso has the environmental technology market's best Stirling engine, featuring a unique combination of high power and high efficiency. The technology is based on Kockum's world-class Stirling engine for submarines.

The company's latest product – the PWR BLOK 400-F – is a unique, climate-friendly solution for extracting electricity from industrial residual and the flare gases at record-low prices. Manufacturing and assembly take place in Sweden. Ripasso currently has operations and customers in both Europe and Africa. The company's shares are listed in Sweden (on the NGM Nordic MTF), and also trade on the Börse Stuttgart in Germany.

MATERIAL EVENTS JANUARY-JUNE 2018

- Following our sales successes in 2017, on in January Heije Westberg was employed as Chief Technology Officer (CTO). Westberg has a strong management background with many years of experience developing and building technical organisations, and brings a large body of technical know-how, with a doctorate from Chalmers and Gothenburg University.
- Jens Bruno joined Ripasso in June as CFO. Bruno brings 20 years of experience in financial management and financial markets, gained both in Sweden and in Eastern Europe and will further strengthen our financial reporting and compliance functions.
- Due to the significant interest shown by the South African ferrochrome industry in the company's product, the PWR BLOK 400-F, the company has opened a wholly owned subsidiary and sales office in South Africa.
- The Head of Ripasso South Africa is David de Mattos. He most recently served as Sales Manager at Clarke Energy, and many years' experience with gas engines and projects in the metals and mining industry.
- In order to strengthen the internal organisation and to further develop our product portfolio, Ann Grant was brought on as Senior Combustion System Engineer, while Ulrika Grimfeldt was hired to head up Combustion System Technology. Grant was recruited from Volvo Car Corporation, and Grimfeldt from Volvo Penta.
- Production of Afarak Mogale's first PWR BLOK order is proceeding according to plan in Sibbhult and Vaggeryd.
- The Company has signed a memorandum of understanding with two shareholders regarding the project financing of up to 72 PWR Blok units at a price of EUR500,000 per unit (totalling EUR 36 million). The final terms of this agreement will depend on a number of factors and the MoU may or may not result in a final agreement
- Due to increased public interest in the company's shares, the Board decided to expand its reporting to the market and will begin reporting on a quarterly basis in 3Q 2018.



The planned installation in South Africa

MATERIAL EVENTS AFTER THE END OF THE PERIOD

- Ripasso Energy has been requested to provide a detailed proposal for the installation on two production ferro-chrome production sites in South Africa. In total, this comprises 72 PWR BLOK worth 36 million euros.
- Ripasso Energy has started to market PWR BLOK for the use of synthesis gas and low-quality LPG in South Africa and has received a good response. The goal is to provide technology to local projects in South Africa where distributed power supply can be at a lower cost than purchases from the national electricity company.
- A test container has been sent to South Africa for live testing and further data collection for the upcoming full-scale installation.
- Ripasso Energy's Board of Directors has decided to prepare the company for listing on a regulated stock exchange. Market place will be chosen during H1 2019 and listing is planned to Q3 2019. The major shareholders in consultation with the Board have asked the nomination committee to meet and evaluate the composition of the board and, if appropriate, seek new candidates with relevant skills and experience.

FIRST HALF OF 2018 IN BRIEF

- Income amounts to TSEK 29,826 (TSEK 15,510), and in full comprises capitalised work for own account in the amount of TSEK 29,826 (TSEK 15,510).
- Profit/loss after financial items is recognised in the amount of TSEK -1,725 (TSEK -2,509). The loss is largely attributable to other external expenses and personnel costs.
- Earnings per share amount to SEK -0.13 (SEK -0.03). The equivalent earnings per share after taking into account dilution by potential shares from existing warrants and the convertible loan amounts to SEK -0.12 (SEK -0.03).
- As at the end of the period, capitalised development costs amount to TSEK 247,689 (TSEK 201,431).
- Cash flow amounted to TSEK -39,338 (TSEK -16,796).
- As at the balance sheet date, equity amounted to TSEK 285,216 (TSEK 208,124).



Welding of a motor stand into a container for the PWR BLOK, March 2018

CEO'S STATEMENT



The first order received for our new product, the PWR BLOK, has pushed the company into a new phase where our primary focus is on sales and production. Therefore, since the turn of the year, we have strengthened the organisation by adding a number of key personnel. They will be an important part of building a stable, strong organisation. This to meet the high demand for the company's technology for the recovery of energy and industrial residual gases. The goal is to build the platform the company needs to handle rapid future growth. For this reason, when filling the first PWR BLOK order, our approach will be to create a structure that is both capable of handling large-scale production and harnessing the economies of scale that we know are achievable.

The entire company has been bursting with activity during the first six months of this year. Our development and production team in Sibbhult, Gothenburg and Vaggeryd has been laser-focused on the production and testing of the PWR BLOK to meet the delivery schedule established together with Afarak Mogale. It is very pleasing to see us doing so well in terms of technology, quality and delivery time.

We have also strengthened our presence on the South African market by establishing an office in Johannesburg. This makes it possible for us to reach out to additional customers in

our primary focus area: The South African ferrochrome sector. The response we have seen from a number of large smelters is very good. This convinces us that our strategy is the right one. Currently we are working with a number of potential buyers to come up with a solution to suit their particular needs. It is in this context that the agreement we reached with two of our major shareholders in the spring regarding potential project financing comes into play. The agreement in principle makes it possible for Ripasso Energy to offer major customers in the ferrochrome industry the option to only make a commitment to purchase energy at a fixed price over a certain period. The electricity they will be able to buy is cheaper than what they are paying today and is extracted from residual gases that are currently not utilised but are simply flared off. This offering has attracted a strong interest in South Africa. We are therefore very happy that we now have been requested to propose a mayor project. A project of that size would enable us to grow manufacturing volumes to a level that makes the PWR BLOK product highly profitable.

Furthermore, we have received proposals from companies in other sectors that also produce combustible residual gases as a by-product of production. Our technology has the single advantage of having a very wide range of applications, as it can be adapted to a variety of gas compositions. Our focus does remain on the ferrochrome industry, but we will also adapt the PWR BLOK to other gases.

The company is well-equipped to meet a growing order backlog. Ripasso Energy has significant momentum, and we are seeing strong demand for the PWR BLOK without any direct competition, which gives me plenty of confidence for the next half of 2018.

Gunnar Larsson

CEO
Ripasso Energy AB (publ)

Income statement

Amount in SEK thousands	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2017-01-01 2017-12-31
Operating income			
Net turnover	-	-	-
Capitalised work for own account	29,682	15,257	31,684
Other operating income	144	253	2,350
Total income	29,826	15,510	34,034
Operating expenses			
Raw materials and consumables	-24,604	-9,986	-23,322
Other external expenses	-7,016	-3,257	-7,587
Costs of personnel	-5,527	-3,943	-8,188
Depreciation/amortisation of tangible fixed assets	-125	-30	-58
Other operating expenses	-201	-19	-7
Total expenses	-37,473	-17,235	-39,171
Operating profit	-7,647	-1,725	-5,137
Profit/loss from financial items			
Interest income and similar items	-	-	-
Interest charges and similar income items	-2,671	-	-402
Profit/loss from financial items	-2,671	-	-402
Profit/loss after financial items	-10,318	-1,725	-5,539
Tax on profit/loss for the period	-	-	-
Profit/loss for the period	-10,318	-1,725	-5,539

Balance sheet

Amount in SEK thousands	30-06-2018	30-06-2017	31-12-2017
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalised expenditures for development work	247,689	201,431	218,007
Total fixed assets	247,689	201,431	218,007
Tangible fixed assets			
Other improvements and installations	586	-	-
Property, plant and equipment	1,260	184	155
Total tangible fixed assets	1,846	184	155
Financial fixed assets			
Other long-term securities holdings	68	-	68
Total financial fixed assets	68	-	68
Total fixed assets	249,603	201,615	218,230
Current assets			
Inventories, etc.			
Goods in process	7,803	2,782	2,933
Advance payments to suppliers	636	-	-
Total current assets	8,439	2,782	2,933
Current receivables			
Current tax receivables	360	360	233
Other receivables	5,045	1,667	5,321
Prepaid expenses	46	113	135
Total current receivables	5,451	2,140	5,689
Cash and bank balances	62,202	10,543	101,540
Total current assets	76,092	15,465	110,162
TOTAL ASSETS	325,695	217,080	328,392

EQUITY AND LIABILITIES

Amount in SEK thousands	2018-06-30	2017-06-30	2017-12-31
Equity			
Restricted equity			
Share capital	795	612	612
Unregistered share capital	-	-	183
Fund for development fees	53,979	37,403	53,979
Total	54,774	38,015	54,774
Unrestricted equity			
Share premium reserve	299,217	208,175	299,217
Retained earnings	-58,457	-36,341	-52,917
Net income	-10,318	-1,725	-5,539
Total	230,442	170,109	240,761
Total equity	285,216	208,124	295,535
Long term liabilities			
Convertible loan	26,955	-	25,291
Total long term liabilities	26,955	-	25,291
Current liabilities			
Prepayments from customers	305	2,375	305
Accounts payable	10,679	3,450	4,658
Other current liabilities	210	122	154
Accrued expenses and deferred income	2,330	3,009	2,449
Total	13,524	8,956	7,566
TOTAL EQUITY AND LIABILITIES	325,695	217,080	328,392

Cash flow statement

Amount in SEK thousands	01-01-2018 30-06-2018	01-01-2017 30-06-2017	01-01-2017 31-12-2017
Operating activities			
Profit/loss after financial items	-10,318	-1,725	-5,539
Adjustments for items not included in cash flow, etc.	125	30	58
Total	-10,193	-1,695	-5,481
Paid income tax	-	-	-
Cash flow from operating activities before changes in working capital	-10,193	-1,695	-5,481
Cash flow from changes in working capital			
Increase (-) / decrease (+) in inventories	-5,506	-1,316	-1,468
Increase (-) / decrease (+) in operating receivables	238	-1,187	-4,735
Increase (+) / decrease (-) in operating liabilities	5,958	2,750	1,361
Cash flows from operating activities	-9,503	-1,448	-10,323
Investing activities			
Acquisition of intangible fixed assets	-29,682	-15,237	-31,813
Acquisition of tangible fixed assets	-1,817	-111	-112
Acquisition of financial assets	-	-	-68
Cash flow from investing activities	-31,499	-15,348	-31,993
Financing activities			
New share issue	-	-	91,226
Shareholders' contributions	-	-	-
Amortisation of loans	1,664	-	25,291
Cash flow from financing activities	1,664	-	116,517
Cash flow for the period	-39,338	-16,796	74,201
CASH AND EQUIVALENTS, BEGINNING OF THE PERIOD	101,540	27,339	27,339
CASH AND EQUIVALENTS END OF THE PERIOD	62,202	10,543	101,540

Key ratios

Amount in SEK thousands	01-01-2018 30-06-2018	01-01-2017 30-06-2017	01-01-2017 31-12-2017
Profitability			
Operating income	29,826	15,510	34,034
Operating profit	-7,647	-1,725	-5,137
Operating profit, after tax	-10,318	-1,725	-5,539
Return on equity in %	-3,6 %	-0,8 %	-1,9 %
Capital structure			
Equity/asset ratio in %	88%	96%	90%
Quick ratio in %	500%	142%	1 476 %
Weighted average outstanding shares	79,505,021	61,157,709	61,157,709
Potential shares attributable to outstanding options (*)	4,640,000	4,640,000	4,640,000
Ongoing share issue	-	-	18,347,312
Bonds/Convertible loans (**)	5,572,146	-	5,572,146
Number of shareholders (*)	5,380	4,360	5,350
Earnings per share, SEK	-0.13	-0.03	-0.09
Diluted EPS, SEK	-0.12	-0.03	-0.06
Dividend per share	-	-	-
Staff			
Average number of employees	9	7	8
Costs of personnel	5,527	3,943	8,188

(*) As at the balance sheet date

(**) Based on a conversion rate of SEK 4.50 per share

COMMENTS ON THE INCOME STATEMENT AND BALANCE SHEET

Financial position and earnings

The Company's income amounts to TSEK 29,826 (TSEK 15,510), and primarily comprises capitalised work for own account in the amount of TSEK 29,682 (TSEK 15,257). Net sales amount to TSEK 0 (TSEK 0) and profit/loss after financial items is recognised in the amount of TSEK - 10,318 (TSEK - 1,725). The loss is largely attributable to other external expenses and personnel costs. Of the personnel costs, TSEK 4,054 (TSEK 3,131) has been capitalised as work for own account. As at the end of the period, capitalised development costs amount to TSEK 247,689 (TSEK 201,531).

Cash flow and financial position

The company's cash flow amounts to TSEK -39,338 (TSEK 16,796). As at the balance sheet date, cash and cash equivalents amounted to TSEK 62,202 (TSEK 10,543). The negative cash flow is largely attributable to product development costs, which have been capitalised.

Changes in equity

As at the balance sheet date, the Company's equity amounted to TSEK 285,216 (TSEK 208,124). During the period, the company's equity has been reduced by a total of TSEK 1,725, i.e. by the earnings for the period. As at the balance sheet date, there are 79 505 021 outstanding shares having a quota value of SEK 0.01.

FINANCIAL CALENDAR

- Results for 3Q 2018 will be published on 13 November 2018
- The year-end report for 2018 will be published on 12 February 2019
- The annual accounts for 2018 will be published on 26 March 2019
- The Annual General Meeting will be held on 26 April 2019
- Results for 1Q 2019 will be published on 7 May 2019
- The half-yearly report for the first half of 2019 will be published on 14 August 2019

ACCOUNTING POLICIES

The interim report has been prepared in accordance with the Swedish Annual Accounts Act and the general provisions of the Swedish

Accounting Standards Board, BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3 regulations). For more detailed policies, please refer to the company's annual accounts for the 2017 financial year.

RISKS

The company's business consists mainly of developing and commercialising new technology. The company's development is thus associated with technical, financial and regulatory risks. For more detailed information about the company's risks, please refer to the company's 2017 annual accounts. The annual accounts are available on the company's website.

This interim report has not been audited.

Gothenburg, 14 August 2018

Sven Sahle
Chairman of the Board

Andreas Ahlström
Board Member

Johan Ekesiöö
Board Member

Ulf Gundemark
Board Member

Benedict Morgan
Board Member

Gerd Jakob
Board Member

Gunnar Larsson
CEO

KEY RATIO DEFINITIONS

Operating income	All income, including capitalised work for own account
Operating profit	Profit/loss after amortisation/depreciation
Operating profit, after tax	Profit/loss after tax.
Return on equity	Profit/loss after tax in relation to equity.
Equity/asset ratio	Total equity / Total assets. Total equity refers to taxed equity, plus 78 % of untaxed reserves.
Quick ratio	Current assets, excluding inventories, divided by short-term liabilities incl. proposed dividends.
Weighted average outstanding shares	Outstanding shares at the beginning of the period adjusted for newly issued shares during the period, multiplied by a time-weighting factor.
Potential shares attributable to outstanding options	Outstanding options at the end of the period converted into potential shares.
Earnings per share	Calculated profit/loss for the year divided by the weighted average of outstanding shares.
Diluted earnings per share	Calculated profit/loss for the year divided by the weighted average of outstanding shares and potential shares attributable to outstanding options and convertible loans.
Dividend per share	Established dividend per eligible share.
Average number of employees	Average number of employees during the period.
Costs of personnel	Personnel costs during the period, including salaries, other remuneration and social welfare costs.

CONTACT

Gunnar Larsson, CEO, gunnar.larsson@ripassoenergy.com

Ripasso Energy AB headquarters: +46 (0)722-32 39 01

Ripasso Energy AB is required to disclose this information in accordance with the EU Market Abuse Regulation. The information was submitted for publication at the initiative of the above contact person on 14 August 2018.

Ripasso Energy AB (Publ)

Gruvgatan 35B
421 30 Västra Frölunda
Corporate id. 556760-6602
ir@ripassoenergy.com
www.ripassoenergy.com



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