

*Västra Frölunda, Gothenburg, 9 November 2022*

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## **Swedish Stirling intends to carry out a rights issue of approximately SEK 200 million**

The Board of Directors of Swedish Stirling AB (publ) ("Swedish Stirling" or the "Company") hereby announces its intention to carry out a share issue of ordinary shares of approximately SEK 200m before transaction costs, with preferential right for the Company's existing shareholders (the "Rights Issue"). The Board of Directors proposes that an Extraordinary General Meeting, to be held on 28 November 2022 (the "EGM"), authorises the Board of Directors to resolve on the Rights Issue. The Board of Directors also proposes that the EGM resolves to amend the terms and conditions of the outstanding convertible loan 2020/2025 ("KV4"). The notice to the EGM will be published today through a separate press release. The Company has received subscription and underwriting commitments totalling approximately SEK 160m, thus covering approximately 80 per cent of the Rights Issue. The net proceeds from the Rights Issue will mainly be used to finance the serial production and commercial rollout of PWR BLOK. Swedish Stirling also announces a refined go to market strategy, which includes a transition from offering energy conversion services to now focusing solely on product sales. As a result of the refined business model, Swedish Stirling and Glencore have entered into a letter of intent in terms of which the parties have, on a non-binding basis, agreed to negotiate certain potential changes to their original agreement regarding an energy conversion service, with the aim to agree on the commercial terms of a sale of up to 25 PWR BLOKs.

### **Summary of the Rights Issue**

- Swedish Stirling intends to carry out a Rights Issue of ordinary shares of approximately SEK 200m before transaction costs, with preferential right for the Company's existing shareholders.
- The net proceeds from the Rights Issue of not more than approximately SEK 173m will mainly be used to finance the serial production and commercial rollout of PWR BLOK.

- A number of existing shareholders, Chairman and largest shareholder Sven Sahle (through OU Dagny), East Guardian Asset Management AG, Miura Holding Ltd, Ahlström Capital Oy and Alexander af Jochnick as well as Board Members Gunilla Spongh and Erik Wigertz, have undertaken to subscribe for shares representing approximately 30 per cent of the Rights Issue. In addition, a number of external investors have entered into underwriting commitments corresponding to approximately 50 per cent of the Rights Issue. The Rights Issue is thus covered to approximately 80 per cent by subscription and underwriting commitments, corresponding in total to approximately SEK 160m.
- The full terms and conditions for the Rights Issue, including subscription price, increase in share capital and number of ordinary shares, will be announced as soon as the Board of Directors resolves on the Rights Issue, which is expected to take place on or around 29 November 2022, provided that the EGM authorises the Board of Directors to resolve on the Rights Issue.
- The record date for participation in the Rights Issue is expected to be 6 December 2022. The subscription period in the Rights Issue is expected to run from and including 7 December 2022 up to and including 21 December 2022.

**Dennis Andersson, CEO, comments:**

*"We are very pleased with the strong support from our existing shareholders in this rights issue. The issue proceeds will mainly be used to finance the commercial rollout of PWR BLOK."*

**Background and rationale in summary**

Swedish Stirling is a Swedish clean-tech company that was founded in 2008 to further develop the ability of the stirling technology to convert thermal energy into electricity. The Company's underlying technology is based on Saab Kockums AB's stirling engine for submarines. By adapting and further developing the technology, Swedish Stirling has constructed a stirling engine with great effect and high efficiency. The Company's product, PWR BLOK, is a proprietary solution for recycling energy from industrial waste gases and waste heat and converting these into 100 per cent carbon dioxide-neutral electricity with high efficiency.

In order to enable continued growth and to be able to continue executing on the commercial rollout of PWR BLOK, which includes, among other things, investments in tools and components to enable serial production as well as working capital for the production of PWR BLOK and to strengthen the organisation with expertise in relevant areas, the Board of Directors of the Company intends to carry out the Rights Issue. Upon full subscription of the Rights Issue, Swedish Stirling will raise gross proceeds of approximately SEK 200m before transaction costs. The net proceeds of not more than approximately SEK 173m from the Rights Issue are mainly intended to finance the serial production and commercial rollout of PWR BLOK. The net proceeds are also intended to finance the repayment of an existing loan to the af Jochnick family of SEK 10m, product development as well as working capital.

### **Refined business model**

Ahead of the ongoing commercial rollout of the PWR BLOK technology, Swedish Stirling has carried out a strategic review of the business and has subsequently decided on a refined business model, including a new go to market strategy, to reduce the need for investments and thereby strengthen the cash flow position. The refined business model implies that Swedish Stirling transitions to fully focusing on product sales of PWR BLOKs to end customers, either direct sales from Swedish Stirling or through long-term business partners, in contrast to the previous business model where Swedish Stirling could offer end customers an energy conversion service where the Company remained as owner of the PWR BLOKs. The refined business model implies that the investment costs related to the commercial rollout of PWR BLOK are reduced, which consequently generates better cash flows. It also implies that the balance sheet will not be burdened to the same extent as the Company does not remain as the owner of the PWR BLOKs and as the responsibility for investments in surrounding infrastructure and related equipment (Balance of Plant) for the PWR BLOKs at the customer sites is transferred to the end customer upon sales.

As a result of the refined business model, today on 9 November 2022, Swedish Stirling and Glencore Operations South Africa Proprietary Ltd (“**Glencore**”) entered into a letter of intent, in terms of which the parties have, on a non-binding basis, agreed to negotiate certain potential changes to their original agreement regarding an energy conversion service, with the aim to agree on the commercial terms of a sale of up to 25 PWR BLOKs (the corresponding number of PWR BLOKs as covered by the original agreement), at Glencore’s Lion ferrochrome smelter in South Africa, by no later than 31 March 2023.

### **Subscription and underwriting commitments**

A number of existing shareholders, Chairman and largest shareholder Sven Sahle (through OU Dagny), East Guardian Asset Management AG, Miura Holding Ltd, Ahlström Capital Oy and Alexander af Jochnick as well as Board Members Gunilla Spongh and Erik Wigertz, have committed to subscribe for shares in the Rights Issue amounting to approximately SEK 59m, corresponding to approximately 30 per cent of the Rights Issue. In addition, a number of external investors have entered into underwriting commitments amounting to approximately SEK 101m, corresponding to approximately 50 per cent of the Rights Issue. In total, subscription and underwriting commitments amount to approximately SEK 160m, corresponding to approximately 80 per cent of the Rights Issue. The shareholders that have entered into subscription commitments have also undertaken to vote in favour of the proposed authorisation at the EGM.

An underwriting fee will be paid to the underwriters, based on current market conditions, of 14 per cent of the underwritten amount. No fee will be paid for subscription commitments from existing shareholders. Neither the subscription commitments nor the underwriting commitments are secured through bank guarantees, restricted funds, pledged assets or similar arrangements.

Further information regarding the parties who have entered into subscription and underwriting commitments will be presented in the prospectus that will be published in connection with the Rights Issue.

### **Extraordinary General Meeting**

The Board of Directors proposes that the EGM, to be held on 28 November 2022, authorises the Board of Directors to resolve on the Rights Issue. Provided that the EGM resolves in accordance with the Board of Directors' proposal, the Board of Directors intends to subsequently resolve on the Rights Issue on or about 29 November 2022.

The Board of Directors further proposes that the EGM resolves to amend the terms and conditions of KV4 as set out in the notice to the EGM. The Board of Directors mainly proposes that (i) the annual interest rate shall be changed from 14 per cent to 10 per cent, (ii) the convertible bond holders shall have a right to early conversion of 50 per cent of the outstanding loan amount during the period 7–21 December 2022 at a conversion price corresponding to the subscription price in the Rights Issue, (iii) the convertible bond holders shall have a right to request conversion of the remaining outstanding loan amount from and including 22 December 2022 until and including the tenth banking day prior to the maturity date as set out in the terms, and (iv) the Company shall have a right, under certain circumstances, to postpone the maturity date for the loan with two years (one year at a time).

The notice to the EGM will be announced today through a separate press release.

### **Terms and conditions for the Rights Issue**

Full terms and conditions for the Rights Issue, including the amount by which the share capital is to be increased, the number of new ordinary shares to be issued and the subscription price for each new ordinary share, will be announced as soon as the Board of Directors resolves on the Rights Issue, which is expected to take place on or around 29 November 2022.

### **Lock-up undertaking**

The Company has undertaken towards ABG Sundal Collier and Bryan, Garnier & Co, subject to customary exceptions, not to issue additional shares or other share-related instruments for a period of 90 days after the announcement of the final outcome of the Rights Issue.

### **Preliminary and indicative timetable for the Rights Issue**

- **28 November 2022:** EGM to resolve on authorisation for the Board of Directors to resolve on the Rights Issue
- **29 November 2022:** Rights Issue resolution by the Board of Directors and announcement of terms and conditions
- **2 December 2022:** Last day of trading including right to participate in the Rights Issue with preferential right
- **5 December 2022:** Publication of the prospectus
- **5 December 2022:** First day of trading excluding right to participate in the Rights Issue with preferential right

- **6 December 2022:** Record date for participation in the Rights Issue
- **7 December–21 December 2022:** Subscription period
- **7 December–16 December 2022:** Trading in subscription rights
- **22 December 2022:** Announcement of preliminary outcome of the Rights Issue
- **23 December 2022:** Announcement of the final outcome of the Rights Issue

### **Advisors**

ABG Sundal Collier AB and Bryan, Garnier & Co act as financial advisors and Joint Bookrunners and Mannheimer Swartling Advokatbyrå acts as legal advisor in connection with the Rights Issue.

This information is information that Swedish Stirling AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below on 9 November 2022 at 07:30 CET.

### **For further information please contact:**

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### **About Swedish Stirling AB**

Swedish Stirling is a Swedish clean-tech company founded in 2008 with a mission to further refine the incomparable ability of Stirling technology to convert thermal energy into electricity. The company's latest product, the PWR BLOK unit, is a unique proprietary solution for recovering energy from industrial residual gases and heat, and for converting this into 100 percent carbon-neutral electricity with high efficiency. The company's vision is to establish Stirling technology as the best option for local, sustainable electricity generation. Swedish Stirling AB is listed on Nasdaq First North Premier and FNCA Sweden AB is appointed Certified Adviser, +46(0)8-528 00 399, info@fnca.se. Read more at [www.swedishstirling.com](http://www.swedishstirling.com).

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This press release does not identify, or purport to identify, risks (direct or indirect) that may be associated with an investment in securities. Any investment decision to acquire or subscribe for securities in connection with the Rights Issue must be made only on the basis of the prospectus to be published in connection with the Rights Issue.

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