



**Swedish
Stirling**

QUARTERLY REPORT

JAN 1 - DEC 31 2019



Swedish Stirling AB in brief

Swedish Stirling AB is a Swedish clean tech company founded in 2008 with a mission to further refine the incomparable ability of the Stirling technology to convert thermal energy to electricity. The company's latest product – the PWR BLOK 400-F – is a unique proprietary solution for recovering energy from industrial residual and flare gases and converting them to 100% carbon-neutral electricity at a high rate of efficiency.

According to an independent certification, the PWR BLOK is the cheapest way to generate electricity that exists today, yielding greater CO₂ savings per EURO invested than any other type of energy. Swedish Stirling AB is listed in Sweden on the NGM Nordic SME.



Material events October – December 2019

- Conversion of Swedish Stirling's convertible bonds 2017/2019 (Nordic SME: STRLNG KV1) took place during the period from and including October 1, 2019 until and including November 18, 2019. Of the total outstanding loan amount of SEK 25,074,661 under KV1, an amount of SEK 24,575,623.60 was requested for conversion, which corresponded to approximately 98 percent.
- Swedish Stirling and the development bank The Industrial Development Corporation of Africa signed a letter of intent about forming a jointly owned financing/leasing company in South Africa – which goes by the name “Southern Shield”. The new company will initially be able to finance deals in Africa for up to 100 PWR BLOK units.
- Swedish Stirling filed a patent application for the company's PWR BLOK 400-F product with the European Patent Office (EPO). The ambition of the application is to prevent copying of the unique concept of energy conversion developed by Swedish Stirling.
- Swedish Stirling entered into an agreement with the South African company Samancor Chrome's subsidiary TC Smelter Proprietary Limited. The agreement concerns the installation of a pilot facility with one PWR BLOK unit at the TC Smelter facility in South Africa. The facility is intended to be commissioned during the second quarter of 2020.
- As a result of Swedish Stirling's strategic decision to solely focus on developing the PWR BLOK product, the company has made a formal decision to terminate the solar energy project. As a result, 23% of the company's capitalised development costs at year-end, attributable to the solar energy project, were written off. The decision has a major impact on the results for the period, however, it does not affect the company's current direction.

Fourth quarter 2019 in brief

Amount in SEK thousands	2019	2018	2019	2018
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating income	14,986	14,945	45,169	58,349
Own work capitalised	14,815	14,604	44,540	57,334
Operating profit	-83,159	-5,763	-100,931	-14,453
Profit/loss after tax	-92,032	-9,044	-127,026	-22,360
Earnings per share (before dilution) SEK	-1,13	-0,11	-1,59	-0,28
Equity/asset ratio, %*	62%	81%	62%	81%
Cash flows from operating activities	-12,275	4,753	-86,744	-9,984
Cash flow for the period	-29,509	-11,344	7,130	-71,808
Cash and cash equivalents	36,862	29,732	36,862	29,732

(*) See note 8 for definitions

CEO's statement

The last quarter of the year was exceptional with primarily two important events that will be of major importance for Swedish Stirling's development in the coming years. The first was the declaration of intent with the South African development bank, IDC, to start a jointly-owned financing/leasing company in South Africa – Southern Shield. The second was of course the agreement with Samancor Chrome regarding the installation of a pilot plant at TC Smelter in the second quarter of 2020.

The formation of Southern Shield not only ensures the financing of the first Glencore project, but also gives us a long-term financing solution going forward for the PWR BLOK customers, who, for various reasons, do not want to strain their own balance sheet. With Southern Shield in place, we can now concentrate on our core activity, the development and sales of our Stirling technology.

I consider the agreement with Samancor Chrome, even though it initially only involves a pilot plant, as a very significant event for the company in many ways.



* Samancor TC Smelter will be the place where we install the second PWR BLOK.

Firstly, we are now introducing our technology earlier than expected into TC Smelter, one of Samancor's five large facilities, and do not need to await this step until the Glencore agreement is delivered. Secondly, we are quickly getting yet another outstanding reference facility located in South Africa. Thirdly, and most importantly of all, this means that we now have an agreement and are conducting commercial talks with two major actors in South Africa who together completely dominate the ferrochrome market in the country.

We started the final assembly of PWR BLOK number two in Sibbhult in the fourth quarter. This is an upgraded version of to the first unit that was delivered to Mogale in 2019. We have, among other things, installed a new control system in the unit that will considerably facilitate the integration of new functions and the optimisation of operations in the future. PWR BLOK number two will be shipped in the first quarter of 2020 for commissioning at Samancor TC Smelter in the second quarter. I would also like to mention that we have made the strategic decision to phase out our solar powered project. This does not come as a surprise, nor does it change the company's direction, however, it should still be mentioned as it impacts the company's results due to the write-down of capitalised development cost related to solar powered products.

During the fourth quarter, we also continued negotiations with Glencore. We have, based on the exclusivity agreement last July, twelve months to conclude this. Personally, I have always said that

I consider the deal as completed, and I was quite convinced that we were going to finalise the details and sign the contract before year-end. However, this was not the case. It simply takes a lot longer to negotiate with larger companies than I had anticipated. The drawn-out process did however give us an opportunity to negotiate and enter into the agreement with Samancor. This puts us at an advantage as we can deliver to both dominant operators in South Africa in the near future, which also gives us a stronger hold for negotiation.

Another factor in South Africa, that was discussed throughout the course of the year, which would also be to our advantage, is a shift in attitude towards energy supply from a political perspective. There are increasing signs that decision makers want to facilitate South African companies' usage of alternative solutions for energy supply and reduce the dominant position of the state-owned electricity company, Eskom, in the country. It is no secret that, among other things, the ferrochrome industry in South Africa has had to contend with falling prices and tougher global competition in recent years, while constrained by the high price of electricity in the country. A liberalisation of the electricity market would certainly favour Swedish Stirling. It is too early to say what the future impact would be. However, for those who followed how different issues unfolded in the recent industry conference Mining Indaba in

South Africa, there are great opportunities under way. An educated guess would be that the license requirements for facilities over 10 MW are going to be radically simplified in the future.

Overall, our development in South Africa throughout the year has led us closer towards a point where we may want to consider where Swedish Stirling's next market will be. We will certainly keep focusing on delivering in South Africa first. However, we know from experience that local contacts and presence take time to establish, so forward planning is important. There is no shortage of potential candidates. The agreement with Glencore last summer has apparently been noticed by the global metal industry, and the number of inquiries has increased considerably. In the autumn and winter, we were contacted by, and in some cases started initial talks with, several different operators from countries including Kazakhstan, Oman, Finland, Malaysia, and the USA. An exciting future lies ahead in the next few years.



Gunnar Larsson
CEO
SWEDISH STIRLING AB

Market development

Swedish Stirling's assessment is that the continued increase in global demand for energy and the effort to increase the share of renewable and climate-neutral power generation methods create an attractive market situation for the company. The price per MWh generated using the PWR BLOK is already very competitive without subsidies or state support. Nor is the product weather-dependent or dependent on geographical location, which is often the case with renewables like wind and solar power. The product is also able to contribute to a significant reduction in carbon dioxide emissions. Global potential for extracting electricity from the metal and petroleum industries' residual gas is significant. Initially, Swedish Stirling has focused on the South African ferrochrome industry, which accounts for nearly one-third of the global ferrochrome production. Since production of other ferroalloys produce similar residual gases, Swedish Stirling's assessment is that the PWR BLOK will work for them as well, without requiring major adjustments. The agreement with Glencore Operations South Africa has meant increased market interest for Swedish Stirling's technology from the global metal industry, but also from other types of industry with residual gases.

Comments on the income statement and balance sheet for the year

The Group's income during the year amounted to TSEK 45,169 (TSEK 58,349), and primarily comprised capitalised development cost in the amount of TSEK 44,540 (TSEK 57,334). Net sales amounted to TSEK 0 (TSEK 0) and profit/loss after financial items were TSEK -126,406 (TSEK -22,262). The negative result is primarily attributable to a one-time impairment on capitalised development cost as a result of the company's strategic decision to abandon solar powered Stirling engines and solely focus on the new PWR BLOK product. The write-down amounted to TSEK 76,143, which represented 23% of the capitalised development cost at year-end. As at the balance sheet date, capitalised development costs amounted to TSEK 245,086 (TSEK 275,433).

Cash flow

The cash flow for the year amounted to TSEK 7,130 (TSEK -71,808) and for the fourth quarter TSEK -29,509 (TSEK -11,344).

As at the balance sheet date, cash and cash equivalents amounted to TSEK 36,862 (TSEK 29,732). The positive cash flow is due to new loans issued in 2019, partially offset by product development and production costs.

Changes in equity

As at the balance sheet date, the company's equity amounted to TSEK 215,598 (TSEK 280,596). During 2019, the company's equity decreased by a total of TSEK -64,998 (TSEK -22,382). The decrease is primarily due to the impairment on capitalised development cost, partially offset by new stocks issued as a result of the conversion of the convertible loan KV1. As at the balance sheet date, there were 85,090,390 (79,505,021) shares outstanding having a quota value of SEK 0.01.

Parent company

The parent company's income during the year amounted to TSEK 42,456 (TSEK 58,349). Sales for the year amounted to TSEK 0 (TSEK 0) and profit/loss after financial items amounted to TSEK -128,852 (TSEK -22 598). Cash balance as at year-end amounted to TSEK 36,637 (TSEK 29,666).

Transactions with related parties

Board member Gunilla Spongh has, in addition to her directorship, provided consulting services to the company to assist with preparations for a planned listing on a regulated marketplace and compliance with the enhanced requirements that follow such a listing. Her assignment ended September 27, 2019. During 2019, Spongh received TSEK 250 (TSEK 0).

Ian Curry, board member of Swedish Stirling's wholly owned subsidiary Swedish Stirling South Africa, has on a consulting basis acted as an advisor to both the subsidiary and parent company in connection with the intensification of the company's South African business. During 2019, Curry received TSEK 696 (TSEK 0).

Staff and organisation

The number of employees at the end of the year was 25, of which 5 were employed in South Africa.

Shares and financing

Swedish Stirling has been publicly listed in Sweden since November 28, 2016. Its shares trade on the NGM Nordic SME under the ticker symbol STRLNG and with ISIN code SE0009143993. The shares also trade on Börse Stuttgart in Germany. On January 19, 2018, an increase in the number of shares was registered in the amount of 18,347,312. On November 26, 2019 an increase in the number of shares was registered in the amount of 5,585,369 as a result of the conversion of KV1. As at December 31, 2019, the share capital amounted to SEK 850,904, divided into 85,090,390 shares with a quota value of SEK 0.01. All shares confer equal rights to the company's assets and profits and entitle their holders to one vote at the General Assembly. At the General Assembly, each shareholder with voting rights may vote the full number of shares owned and represented by such party without any restrictions on voting rights.

Convertible loans

Swedish Stirling conducted a convertible bond issue in the autumn of 2017. The nominal amount of the convertible loan was SEK 25,074,661, allocated across 61,157,709 convertible bonds (STRLNG KV1). The convertible bonds had a duration of two years, with an interest rate of 10 percent per annum. During the period from and including October 1, 2019 until and including November 18, 2019, holders of KV1 were entitled to convert their convertible bonds to shares in Swedish Stirling to a conversion rate of SEK 4.40 per share. Of the total outstanding loan amount of SEK 25,074,661 under KV1, an amount of SEK 24,575,624 was requested for conversion, which corresponds to approximately 98 percent. As a result of the conversion, Swedish Stirling's share capital increased with SEK 55,853.69 from SEK 795,050.21 to SEK 850,903.90 and the number of shares and votes increased by 5,585,369 shares and votes from 79,505,021 shares and votes to 85,090,390 shares and votes. This corresponded to a shareholder dilution of around 6.6 percent.

An issue of convertible bonds with preferential rights for existing shareholders in the amount of SEK 79,505,021 (STRLNG KV2) was registered on March 7, 2019. The loan carries an interest rate of ten (10) percent annually. The conversion price is SEK 10 per share. Requests for conversion into shares in the company may be submitted beginning on January 1, 2021 up to and including February 15, 2021. Assuming full conversion of all convertible bonds, the company's share capital may increase by a maximum of SEK 79,505.02, and the number of shares in the company may be increased by a maximum of 7,950,502 shares. At full conversion this corresponds to shareholder dilution of around 9.1 percent

On October 2, 2019 an issue of convertible bonds was registered with deviation from the shareholders' preferential right in the amount of SEK 53 000 000 (KV3). The convertible loan carries an interest rate of 9 percent per annum and falls due on February 28, 2021. Conversion requests can be issued from January 1, 2021 up to and including February 15, 2021. The conversion rate is SEK 10 per share when the holders of the convertible bonds request conversion, meaning that the Company's share capital may increase by a maximum of SEK 53,000, and the number of shares in the Company may increase by a maximum of 5,300,000 shares. At full conversion this corresponds to a dilution of approximately 6.2 percent. There is no intention to list the convertible bonds on NGM Nordic SME or any other trading venue.

Option program

In 2014, it was resolved to issue 464 warrants to the company's employees. Payment was made in a total amount of SEK 3,119,008. This program is not subsidised by the company, and the company is not expected to incur any material expenses in connection with the program. One (1) warrant entitles the holder to subscribe for ten thousand (10,000) new shares for approximately SEK 2.30 per share from November 1, 2017 up to and including October 31, 2021. If all warrants are exercised, the company will raise approximately SEK 10.7 million, and its share capital will increase by SEK 46,400. The 4,640,000 shares thus issued currently correspond to around 5 percent of the Company's share capital. The warrants are not recorded in the securities register and expire on October 31, 2021.

Risks

The group's business consists mainly of developing and commercialising new technology. The group's development is thus associated with technical, financial and regulatory risks. The company's Board of Directors and management continue to focus on, and prioritise securing investment for future growth and expansion. For more detailed information about the group's risks, please refer to the 2018 annual report. The annual reports are available on the company's website.

Audit

This interim report has not been audited.

Accounting policies

The interim report has been prepared in accordance with the Swedish Annual Accounts Act and IAS 34 Interim Financial Reporting. The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Financial Reporting Board (RFR1 Supplementary Accounting Rules for Groups). The parent company's accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board (RFR2 Accounting for Legal Entities). For more detailed information on the Group's accounting principles, please refer to the first quarterly report 2019, January - March, which is available on the company's website.

Financial calendar

- The results for 4Q 2019 will be published on February 18, 2020.
- The annual report for 2019 will be published on March 24, 2020.
- The Annual General Meeting will be held on April 24, 2020.

The Board of Directors and the CEO warrant that the interim report for the year 2019 provides a true and fair view of the parent company's and the group's operations, financial position and earnings, and describes material risks and uncertainties faced by the parent company and the companies that form part of the group.

Gothenburg, February 18, 2020

Sven Sahle
CHAIRMAN OF THE BOARD

Andreas Ahlström
BOARD MEMBER

Erik Wigertz
BOARD MEMBER

Ulf Gundemark
BOARD MEMBER

Benedict Morgan
BOARD MEMBER

Gunilla Spongh
BOARD MEMBER

Gunnar Larsson
CEO

Contact

Gunnar Larsson, CEO, ir@swedishstirling.com
Swedish Stirling headquarters: +46 (0)31-385 88 30

Swedish Stirling AB (publ) 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 February 18, 2020, 08:00 CET.

Consolidated statement of income

Amount in SEK thousands	Note	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales		-	-	-	-
Own work capitalised		14,815	14,604	44,540	57,334
Other operating income		171	341	629	1,015
Total operating income	2	14,986	14,945	45,169	58,349
Raw materials and consumables		-6,577	-8,308	-19,562	-41,049
Other external expense	4	-7,264	-6,421	-20,421	-15,928
Costs of personnel		-7,496	-5,451	-27,876	-14,504
Depreciation/amortisation of tangible fixed assets		-510	-382	-1,826	-969
Write-down of intangible fixed assets	5	-76,143	-	-76,143	-
Other operating expenses		-155	-146	-272	-352
Total expense		-98,145	-20,708	-146,100	-72,802
Operating profit		-83,159	-5,763	-100,931	-14,453
Financial cost	3	-8,749	-3,150	-25,475	-7,809
Financial items - net		-8,749	-3,150	-25,475	-7,809
Net income before tax		-91,908	-8,913	-126,406	-22,262
Tax		-124	-131	-620	-98
Profit/loss for the period		-92,032	-9,044	-127,026	-22,360
Other comprehensive income:					
Items that may be classified to profit/loss for the period:					
Exchange rate differences from foreign operations		6	-9	54	-22
Other comprehensive income for the period		6	-9	54	-22
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-92,026	-9,053	-126,972	-22,382

The profit/loss for the period and total comprehensive income for the period are attributable in their entirety to the parent company's shareholders.

Earnings per share, based on the profit/loss for the period attributable to the parent company's shareholders:

Amount in SEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Earnings per share prior to dilution	-1.13	-0.11	-1.59	-0.28
Diluted earnings per share	-1.13	-0.11	-1.59	-0.28

Consolidated balance sheet

ASSETS

Amount in SEK thousands	31-12-2019	31-12-2018
Intangible fixed assets		
Capitalised expenditures for development work	245,086	275,433
Total	245,086	275,433
Tangible fixed assets		
Leasehold improvements	552	523
Machinery and other technical assets	564	358
Property, plant and equipment	2,815	2,629
Right-of-use assets	4,311	2,989
Total	8,242	6,499
Financial fixed assets		
Shares in subsidiaries	68	63
Other long-term receivables	34	13
Total	102	76
Total fixed assets	253,430	282,008
Current assets		
Work in progress	52,330	32,055
Total	52,330	32,055
Current receivables		
Current tax receivables	566	233
Other receivables	2,790	4,234
Prepaid expenses	405	254
Total	3,761	4,721
Cash and cash equivalents	36,862	29,732
Total current assets	92,953	66,508
TOTAL ASSETS	346,383	348,516

EQUITY AND LIABILITIES

Amount in SEK thousands	31-12-2019	31-12-2018
Equity		
Share capital	851	795
Share premium reserve	323,737	299,217
Other reserves	32	-22
Retained earnings	-109,022	-19,394
Total equity attributable to the parent company's shareholders	215,598	280,596
Long-term liabilities		
Convertible loans	105,328	21,089
Lease liabilities	3,194	2,533
Other long-term loans	10,000	-
Deferred tax	752	111
Total	119,274	23,733
Current liabilities		
Prepayments from customers	-	305
Accounts payable	2,252	13,006
Leasing liabilities	1,061	394
Other current liabilities	3,795	26,889
Accrued expenses and deferred income	4,403	3,593
Total	11,511	44,187
TOTAL EQUITY AND LIABILITIES	346,383	348,516

Consolidated changes in equity

2018

Equity attributable to parent company shareholders

Amount in SEK thousands	Equity attributable to parent company shareholders				Total equity
	Share capital	Other capital contributions	Reserves	Retained earnings including profit/loss for the period	
Opening balance as at 1 January 2018	612	299,400		2,966	302,978
Profit/loss for the period				-22,360	-22,360
Other comprehensive income for the period			-22		-22
Total comprehensive income for the period			-22	-22,360	-22,382
Transactions with shareholders in their capacity as owners					
Registration of new share issue	183	-183			
Total transactions with shareholders	183	-183			-
CLOSING BALANCE AS AT 31 DECEMBER 2018	795	299,217	-22	-19,394	280,596

2019

Equity attributable to parent company shareholder

Amount in SEK thousands	Equity attributable to parent company shareholder				Total equity
	Share capital	Other capital contributions	Reserves	Retained earnings including profit/loss for the period	
Opening balance as at 1 January 2019	795	299,217	-22	-19,394	280,596
Profit/loss for the period				-127,026	-127,026
Other comprehensive income for the period			54		54
Total comprehensive income for the period			54	-127,026	-126,972
Transactions with shareholders in their capacity as owners					
Option component convertible loan				37,398	37,398
Conversion to stocks from convertible loan	56	24,520			24,576
Total transactions with shareholders	56	24,520		37,398	61,974
CLOSING BALANCE AS AT 31 DECEMBER 2019	851	323,737	32	-109,022	215,598

Consolidated cash flow statement

Amount in SEK thousands	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Operating activities				
Profit/loss after financial items	-91,908	-8,913	-126,406	-22,262
Adjustments for items not included in cash flow, etc.	81,823	1,347	92,176	4,425
Paid income tax	14	-	-	-
Cash flow from operating activities before changes in working capital	-10,071	-7,566	-34,230	-17,837
Increase (-) / decrease (+) in inventories, etc.	-4,301	-18,062	-20,275	-29,122
Increase (-) / decrease (+) in operating receivables	1,597	-333	1,157	950
Increase (-) / decrease (+) in operating liabilities	500	30,714	-33,396	36,025
Cash flow from changes in working capital	-2,204	12,319	-52,514	7,853
Total cash flow from operating activities	-12,275	4,753	-86,744	-9,984
Investing activities				
Investments in intangible assets	-16,071	-14,696	-45,796	-57,426
Investments in tangible fixed assets	-382	-1,192	-1,351	-3,824
Cash flow from investing activities	-16,453	-15,888	-47,147	-61,250
Financing activities				
Amortisation of lease debt	-282	-209	-984	-574
Repayment of convertible loan	-499	-	-499	-
New loans	-	-	142,504	-
Cash flow from financing activities	-781	-209	141,021	-574
Cash flow for the period	-29,509	-11,344	7,130	-71,808
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	66,371	41,076	29,732	101,540
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	36,862	29,732	36,862	29,732

Parent company's income statement

Amount in SEK thousands	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Operating income				
Net sales	-	-	-	-
Own work capitalised	13,895	14,604	41,853	57,334
Other operating income	166	341	603	1,015
Total income	14,061	14,945	42,456	58,349
Operating expense				
Raw materials and consumables	-6,876	-9,507	-19,526	-43,409
Other external expense	-7,656	-5,835	-23,244	-15,321
Costs of personnel	-6,922	-5,070	-26,010	-13,773
Depreciation/amortisation of tangible fixed assets	-242	-179	-870	-418
Write-down of intangible fixed assets	-76,143	-	-76,143	-
Other operating expenses	-155	-146	-272	-352
Total expense	-97,994	-20,737	-146,065	-73,273
Operating profit	-83,933	-5,792	-103,609	-14,924
Profit/loss from financial items				
Interest expense and similar items	-8,666	-3,102	-25,243	-7,674
Financial items - net	-8,666	-3,102	-25,243	-7,674
Net income before tax	-92,599	-8,894	-128,852	-22,598
Income tax	-	-	-	-
PROFIT/LOSS FOR THE PERIOD	-92,599	-8,894	-128,852	-22,598

In the parent company, no items are recognised as other comprehensive income, for which reason total comprehensive income for the period corresponds to the profit/loss for the period.

The parent company's balance sheet

ASSETS

Amount in SEK thousands	31-12-2019	31-12-2018
Intangible fixed assets		
Capitalised expenditures for development work	242,399	275,433
Total	242,399	275,433
Tangible fixed assets		
Leasehold improvements	552	523
Property, plant and equipment	3,031	2,619
Total	3,583	3,142
Financial fixed assets		
Shares in subsidiaries	0	0
Other long-term receivables	68	63
Total	68	63
Total fixed assets	246,050	278,638
Current assets		
Work in progress	52,330	32,055
Total	52,330	32,055
Current receivables		
Receivables from subsidiaries	400	-
Current tax receivables	488	233
Other receivables	2,717	4,119
Prepaid expenses	601	375
Total	4,206	4,727
Cash and cash equivalents	36,637	29,666
Total current assets	93,173	66,448
TOTAL ASSETS	339,223	345,086

EQUITY AND LIABILITIES

Amount in SEK thousands	31-12-2019	31-12-2018
EQUITY		
Restricted equity		
Share capital	851	795
Fund for development costs	78,372	111,406
Total	79,223	112,201
Unrestricted equity		
Share premium reserve	323,737	299,217
Retained earnings	-189,458	-131,038
Total	134,279	168,179
Total equity attributable to the parent company's shareholders	213,502	280,380
Long-term liabilities		
Convertible loans	105,328	21,089
Other long-term loans	10,000	-
Total	115,328	21,089
Current liabilities		
Prepayments from customers	-	305
Accounts payable	2,215	12,914
Other current liabilities	3,775	26,805
Accrued expenses and deferred income	4,403	3,593
Total	10,393	43,617
TOTAL EQUITY AND LIABILITIES	339,223	345,086

Parent company changes in equity

2018

Equity attributable to parent company shareholders

Amount in SEK thousands	Share capital	Non registered share capital	Development reserve	Reserves	Retained earnings including profit/loss for the period	Total equity
Opening balance as at 1 January 2018	612	183	53,979	299,217	-51,013	302,978
Profit/loss for the period					-22,598	-22,598
Provisions for development reserve			57,427		-57,427	-
Total comprehensive income for the period			57,427		-80,025	-22,598
Transactions with shareholders in their capacity as owners						
Registration of new share issue	183	-183				-
Total transactions with shareholders	183	-183				-
CLOSING BALANCE AS AT 31 DECEMBER 2018	795	-	111,406	299,217	-131,038	280,380

2019

Equity attributable to parent company shareholders

Amount in SEK thousands	Share capital	Non registered share capital	Development reserve	Reserves	Retained earnings including profit/loss for the period	Total equity
Opening balance as at 1 January 2019	795	-	111,406	299,217	-131,038	280,380
Profit/loss for the period					-128,852	-128,852
Provisions for development reserve			-33,034		33,034	-
Total comprehensive income for the period			-33,034		-95,818	-128,852
Transactions with shareholders in their capacity as owners						
Option component convertible loan					37 398	37 398
Conversion to stocks from convertible loan	56			24,520		24,576
Total transactions with shareholders	56			24,520	37,398	61,974
CLOSING BALANCE AS AT 31 DECEMBER 2019	851	-	78,372	323,737	-189,458	213,502

Parent company cash flow statement

Amount in SEK thousands	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Operating activities				
Profit/loss after financial items	-92,599	-8,894	-128,852	-22,598
Adjustments for items not included in cash flow, etc	81,555	1,144	91,220	3,874
Cash flow from operating activities before changes in working capital	-11,044	-7,750	-37,632	-18,724
Increase (-) / decrease (+) in inventories, etc.	-4,301	-18,062	-20,275	-29,122
Increase (-) / decrease (+) in operating receivables	1,213	-116	521	966
Increase (-) / decrease (+) in operating liabilities	587	30,475	-33,228	35,836
Cash flow from changes in working capital	-2,501	12,297	-52,982	7,680
Total cash flow from operating activities	-13,545	4,547	-90,614	-11,044
Investing activities				
Investments in intangible assets	-15,151	-14,696	-43,109	-57,426
Investments in tangible fixed assets	-382	-1,174	-1,311	-3,404
Cash flow from investing activities	-15,533	-15,870	-44,420	-60,830
Financing activities				
Repayment of convertible loan	-499	-	-499	-
New loans	-	-	142,504	-
Cash flow from financing activities	-499	-	142,005	-
Cash flow for the period	-29,577	-11,323	6,971	-71,874
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	66,214	40,989	29,666	101,540
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	36,637	29,666	36,637	29,666

Notes

Not 1 General information

Swedish Stirling AB (publ) ("Swedish Stirling") – previously Ripasso Energy AB, corporate identity number 556760-6602, is a parent company registered in Sweden with its headquarters in Gothenburg, with the address Gruvgatan 35B, SE-421 30 Västra Frölunda, Sweden.

Unless otherwise specified, all amounts are reported in thousands of SEK (TSEK). Information appearing in parentheses refers to the comparison year.

Not 2 Operating income

Operating income comprises of the following:

Amount in SEK thousands	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Own work capitalised	14,815	14,604	44,540	57,334
Currency gains	144	323	542	903
Other commission income	27	18	87	112
Total	14,986	14,945	45,169	58,349

Not 3 Financial cost

Convertible debt instruments include both a debt component and an equity component.

Swedish Stirling has two outstanding convertible loans of TSEK 79,505 (STRLNG KV2) and TSEK 53,000 (KV3). For detailed accounting principles for the convertible loans, see Note 2 - 2.17 in the Q1 2019 report.

Swedish Stirling is in an expansion phase where revenues from sale of the product have yet to be reported. As the risk is considered greater in a company that has in a company that has yet to secure significant sales volumes compared to a mature company, the yield requirements have also been adjusted accordingly. In light of this, a discount rate of 35% has been used to determine the market value of the loan and option component, and the interest effect of the period's revaluation of the convertible loan.

Amount in SEK thousands	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Interest expense	3,501	2,185	11,267	4,353
Revaluation of concertible loans	5,248	965	14,208	3,456
Total financial expenses	8,749	3,150	25,475	7,809

Convertible loan KV1

Amount in SEK thousands	31-12-2019	31-12-2018
Debt component	-	21,088
Equity component	-	3,987
Nominal amount	-	25,075

Convertible loan KV2

Amount in SEK thousands	31-12-2019	31-12-2018
Debt component	63,438	-
Equity component	16,067	-
Nominal amount	79,505	-

Convertible loan KV3

Amount in SEK thousands	31-12-2019	31-12-2018
Debt component	41,890	-
Equity component	11,110	-
Nominal amount	53,000	-

Not 4 Transactions with related parties

Board member Gunilla Spongh has, in addition to her directorship, provided consulting services to the Company to assist with preparations for a planned listing on a regulated marketplace and compliance with the enhanced requirements that follow such a listing.

Ian Curry, board member of Swedish Stirling's wholly owned subsidiary in South Africa Swedish Stirling SA, has on a consulting basis acted as an advisor to both the subsidiary and parent company in connection with the intensification of the company's South African operations.

Below transactions were based on market value.

Amount in SEK thousands	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
G Spongh Förvaltning AB	-	-	250	-
Fox Energy Ltd	344	-	696	-
Total	344	-	946	-

Not 5 Estimates and assessments

During the period ending on December 31, 2019, the company's management has decided to end the development of solar powered projects. As a result, an assessment has been made to write down the related intangible asset for capitalised development cost. The write-down amounted to TSEK 76,143, which represents 23% of total capitalised development cost at year-end.

Not 6 Earnings per share

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
SEK				
Earnings per share prior to dilution	-1.13	-0.11	-1.59	-0.28
Diluted earnings per share	-1.13	-0.11	-1.59	-0.28
Earnings measurements used in the calculation of earnings per share				
Earnings attributable to the parent company's shareholders used in the calculation of earnings per share before and after dilution	-92,032	-9,044	-127,026	-22,360
Earnings attributable to the parent company's shareholders, TSEK	-92,032	-9,044	-127,026	-22,360
Amount				
Weighted average number of common shares when calculating earnings per share before dilution	81,569,179	79,505,021	80,025,302	79,505,021
Total weighted average number of common shares when calculating earnings per share after dilution	81,569,179	79,505,021	80,025,302	79,505,021

No dilutive effect as the earnings are negative.

Not 7 Subsequent events

Subsequent events have been evaluated up to February 18, 2020, the date the financial reports were issued.

Not 8 Financial ratios

In addition to the financial ratios prepared in accordance with IFRS, Swedish Stirling presents financial ratios that have not been defined in accordance with IFRS, for example equity and quick ratio. These alternative ratios are considered important earnings and performance indicators for investors and other users of the interim report. The alternative ratios should be considered a complement to, but not a substitute for, the financial information prepared in accordance with IFRS. The Swedish Stirling Group's definitions of these measures, not defined in accordance with IFRS, are described in this note.

Financial ratio	Definition	Purpose
Equity/asset ratio in %	Profit after tax in relation to equity	The ratio shows the return on the owners' invested capital.
Equity ratio	Equity as a percentage of total assets	Equity ratio is relevant for investors and other stakeholders who want to assess the company's financial stability and ability to cope in the long term.
Quick ratio	Current assets, excluding inventories, divided by current liabilities incl. proposed dividends.	The key figure gives an idea of the company's payment readiness in the short term. At a cash flow about 100% the company manages to pay all their short-term debts.

Key ratios

Amount in SEK thousand	2019 Jan-Dec	2018 Jan-Dec
Profitability		
Operating income	45,169	58,349
Operating profit	-100,931	-14,453
Operating profit, after tax	-127,026	-22,360
Return on equity *	-59%	-8%
Capital structure		
Equity/asset ratio *	62%	81%
Quick ratio *	353%	78%
Weighted average outstanding shares	80,025,302	79,505,021
- Outstanding warrants (**)	4,640,000	4,640,000
- New issue in progress	-	-
- Convertible loans (***)	13,250,502	5,698,787
Number of shareholders (**)	7,539	5,862
Earnings per share	-1,59 kr	-0,28 kr
Diluted earnings per share	-1,59 kr	-0,28 kr
Dividend per share	-	-
Employees		
Average number of employees	28	17
Personnel costs	27,876	14,504

(*) See note 8 for definitions

(**) At the balance sheet date

(***) Estimated number based on a conversion rate of STRLNG KV2: SEK 10.0 per share and KV3: 10.0 per share.

Key ratio definitions

Operating income	All revenue, including capitalised work for own account.
Operating profit	Profit/loss after amortisation and depreciation.
Operating profit, after tax	Profit after tax.
Return on equity	Profit after tax divided by equity.
Equity/asset ratio	Equity as a percentage of total assets.
Quick ratio	Current assets, excluding inventories, divided by current 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 warrants	Outstanding warrants at the end of the period converted into potential shares.
Earnings per share	The profit/loss for the period divided by the weighted average of outstanding shares.
Diluted earnings per share	The profit/loss for the period divided by the weighted average of outstanding shares and potential shares attributable to outstanding warrants and convertibles.
Dividend per share	Established dividend per eligible share.
Average number of employees	Average number of employees during the period.
Personnel costs	Personnel costs during the period, including wages, salaries, other benefits and social welfare costs.



Swedish Stirling

ONLINE

www.swedishstirling.com
ir@swedishstirling.com

ORG. NR

556760-6602

ADDRESS

Swedish Stirling AB
Gruvgatan 35B
421 30 Västra Frölunda
SWEDEN