



**Swedish
Stirling**

Quarterly Report | **1 Jan - 30 Sep 2022**



Q3 2022

Swedish Stirling in brief

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.

Swedish Stirling's vision is to establish Stirling technology as the best option for local, sustainable electricity generation. The company was listed in 2016, and has been publicly traded on the Nasdaq First North Premier Growth Market since November 2020.



Material events

Significant events July – September 2022

- Net sales for the quarter amounted to TSEK 39 (TSEK 50). Total revenue and capitalized work for the quarter was TSEK 39 (TSEK 10,666).
- Earnings per share, before dilution, for the quarter was SEK -1.90 (SEK -0.13).
- The Board of Directors of Swedish Stirling AB resolved, on the basis of the authorization given by the Annual General Meeting of 21 April 2022, to carry out an offer of newly issued preferential shares for a value of around SEK 100 million, to finance the production and installation of the PWR BLOK unit at Glencore's Lion smelter in Steelport, South Africa. The Board of Directors of Swedish Stirling AB resolved in September to withdraw the offer due to prevailing market conditions.
- The company has decided on a write-down of development costs, primarily related to PWR BLOK Generation 1 and Generation 2, for a total of approximately SEK 204 million.

January – September

- Net sales for the period amounted to TSEK 108 (TSEK 50). Total revenue and capitalized work for the quarter was TSEK 11,546 (TSEK 45,879).
- Earnings per share, before dilution, for the quarter was SEK -2,50 (SEK -0.40).
- Swedish Stirling partially secured loan financing in South Africa following a positive credit decision by the South African bank, The Industrial Development Corporation of Africa ("IDC"), for a loan of ZAR 162 million (SEK 96 million), for the installation of the company's first major commercial project with the PWR BLOK unit at Lion smelter.
- An Extraordinary General Assembly of 21 March 2022 resolved to amend the Articles of Association in accordance with the Board's proposal. The resolved amendments include, among other things, new limits on the company's share capital and number of shares. A resolution on the class of shares was also incorporated into the Articles of Association, whereby shares may be issued in two series; ordinary shares and preferential shares. Existing outstanding shares in the company shall become ordinary shares. Furthermore, it was resolved to authorize the Board of Directors to decide on a new issue of preferential shares on one or more occasions during the period up to the next Annual General Meeting on 21 April 2023, with or without derogation from the shareholders' preferential rights, to decide on a new issue of no more than 1,100,000 preferential shares.
- Negotiations with Samancor and the smelter TC were ended on account of Swedish Stirling not obtaining fulfilment of the necessary conditions as wished for the signing of a contract.
- Significant investments were made at the Sibbhult factory in order to ensure successful serial production along with the associated tests prior to delivery.
- A delegation from Glencore's management team from South Africa and Switzerland visited Swedish Stirling's factory in Sibbhult to see the production of the first PWR BLOK units produced for Lion Smelter in South Africa. They also visited our headquarters in Gothenburg for a presentation of Swedish Stirling's R&D operations
- Swedish Stirling hired Jonas Hedelin as the new Chief Financial Officer (CFO) and member of the company's management team. He has previously worked as a CFO at listed companies. Jonas took up his duties as CFO on 15 August

Financial summary

Amount in SEK thousands	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-dec
Net sales	39	50	108	50	73
Own work capitalised	0	10,545	10,775	45,624	66,736
Operating profit	-242,362	-9,568	-306,273	-22,542	-37,903
Profit/loss after tax	-244,607	-16,778	-321,208	-46,213	-69,319
Earnings per share before and after dilution SEK	-1,90	-0,13	-2,50	-0,40	-0,59
Equity/asset ratio, %*	68%	86%	68%	86%	84%
Cash flows from operating activities	-47,681	-14,359	-112,564	-41,436	-47,397
Cash flow for the period	-53,500	-24,620	-134,740	121,963	93,888
Cash and cash equivalents	100,952	263,555	100,952	263,555	235,495

(*) See note 7 for definitions



Dennis Andersson
CEO

CEO's statement

My first nine months as CEO of Swedish Stirling have been both challenging and very exciting. The company is undergoing industrialisation, and the technology is being packaged for customers. The first major commercial contract with Glencore is about to be delivered. However, a lot has happened during the year and the quarter, which, all in all, has given me reason to reflect on our offering, and how we approach the market. In addition to the macroeconomic changes and challenges that all companies have to face, my growing understanding of the company's business model has gradually changed my view on how the company should proceed. Some of the long-standing objectives and declarations of intent need to be revised and adapted to the new circumstances, in conjunction with a new business plan.

We're also working hard on the company taking its next steps, and moving our focus from product development to becoming a more business and customer-orientated business. We have a unique technology and product that delivers electricity at low production costs, in an era when this is most needed. We also have very good relationships with our customers.

The board of directors decided not to carry out the planned new issue of preferential shares during the quarter due to the prevailing market conditions. The decision has both positive and negative short-term consequences which I, as CEO, must deal with. The company's internal forecasts and production volumes will be adjusted, and the cost levels will be reduced to adapt to the new conditions.

This means that the company will no longer be able to offer energy conversion services that include the financing of an entire facility, which is very capital-intensive. Instead, the focus is going to be on selling the PWR BLOK unit devoid of infrastructure. In support of this, we have, in addition, demonstrated that our technology can perform well throughout the year, by generating and invoicing electricity to Samancor's TC Smelter facility in South Africa.

With this in mind, we've decided that the company's strategy going forwards will focus on product sales, operation, and maintenance, as well as aftermarket service. In connection with this, in addition to the ferrochrome industry, we're also going to offer the PWR BLOK unit to more industries that have residual gases that can be burned, or waste heat that can be recovered in terms of its energy content. This gives us increased opportunities in the market.

As for our agreement with Glencore, we have in a letter of intent, dated November 9, agreed, on a non-binding basis, to negotiate certain potential changes to the original agreement between the two parties regarding an energy conversion service. Our intention is to agree on the commercial terms of a sale of up to 25 PWR BLOKs (the corresponding number of PWR BLOKs as covered by our original agreement) at Glencore's Lion ferrochrome smelter in South Africa.

In order to support our new strategy and business model, we also need to strengthen our balance sheet, and remain a credible partner for our customers, both when the equipment is sold, and for the ensuing aftermarket. As of 9 November 2022, the board of directors has therefore announced that the company's intention is to carry out a preferential rights issue for approximately SEK 200 million before issue costs.

We are in a good position, and the market and the potential for our solution remains promising. I'm convinced that our new business model and broader offering to more industries will enable us to achieve profitability more quickly.

Dennis Andersson

CEO

Swedish Stirling AB

Market development

Swedish Stirling's assessment continues to be that global demand for energy will rise. Efforts to increase the proportion of renewable and climate-neutral methods for power generation have created an attractive market position for the company. The price per MWh generated using the PWR BLOK unit is competitive even without subsidies or state support. Global potential for extracting electricity from industrial residual gases is significant. Initially, Swedish Stirling had focused on the ferrochrome industry and South Africa, which accounts for a third of the world's ferrochrome production. Because the product is able to process many different types of fuels, the company's assessment is that, with only minor adjustments, it can be delivered to many types of smelters globally. The soaring prices of electricity also increases interest in the company's solutions in general. The agreement in South Africa with the global ferrochrome producer Glencore, together with Swedish Stirling's successful pilot facility with the PWR BLOK unit at TC Smelter in South Africa, has led to increased interest in Swedish Stirling's technology, not only from the global metallurgical sector, but also from other industries with residual gases and residual heat.

Comments on the income statement and balance sheet

Third quarter

The Company's operating income and own work capitalised during the quarter amounted to TSEK 0 (TSEK 11,545). Net sales amounted to TSEK 39 (TSEK 50) which is generated from the pilot plant at TC Smelter. Profit/loss after financial items were TSEK -244,544 (TSEK -16,387). The main reason for the lower result is related to a write-down of development costs primarily related to PWR BLOK Generation 1 and Generation 2. As the company have started the serial production during the period, this also have an impact on the result compared to last year. Expenses for personnel and consultants remains on a relatively stable level. Other external expenses have decreased in the quarter.

During the quarter, capitalised development cost decreased by TSEK 215,931 (TSEK +8,205). The reason for this is that the Company have decided to do a write-down of development costs, primarily related to PWR BLOK Generation 1 and Generation 2.

Cash and cash equivalents decreased by TSEK -49,381 (TSEK -24,653) as a result of ongoing operating cost. Financial fixed assets decreased by TSEK -1,234 (TSEK 3,853) due to redemption of a currency contract.

January – September

The Company's operating income and own work capitalised during the period amounted to TSEK 10,546 (TSEK 45,879), and primarily comprised capitalised development cost in the amount of TSEK 10,775 (TSEK 45,624) related to development of PWR BLOK generation 3. The capitalization of development cost was ended during the period. Net sales amounted to TSEK 108 (TSEK 50) which is generated from the pilot plant at TC Smelter. Profit/loss after financial items were TSEK -320,179 (TSEK -45,092). The negative development in the result for the period compared to prior year was primarily due to the write-down of development costs made in Q3. Higher costs for personnel and consultants are attributable to that the Company have entered into the phase of industrialisation. This also effects expenses for raw material and other negatively.

As at the balance sheet date, capitalised development costs amounted to TSEK 168,413 (TSEK 381,769). The write-down of development costs is the main reason. The capitalisation of development costs has decreased compared to December 2021 as the PWR BLOK generation 3 is regarded as fully developed and the R&D has been stopped during the period.

The cash and cash equivalents on the balance date amounted to TSEK 100,952 (TSEK 263,555). Financial fixed assets decreased by TSEK -3,719 due the redemption of a derivative instrument related to a currency contract. Products in work have increased compared to last year with TSEK 7,548 due to production cost for the PWR BLOK Generation 3 produced in the period.

Changes in equity

Third quarter

The Company's equity decreased by TSEK -244,471 (TSEK -10,242) due to the results for the quarter.

January – September

As at the balance sheet date, the Company's equity amounted to TSEK 252,109 (TSEK 597,487). During the period January through September the Company's equity decreased by a total of TSEK 322,431 (TSEK +304,262). The decrease was mainly attributed by the results of the period.

As at the balance sheet date, there were 128,349,253 (128,349,253) shares outstanding with a quota value of SEK 0.01.

Cash flow

Third quarter

The cash flow for the quarter amounted to TSEK -53,500 (TSEK -24,620) The negative cash flow for the quarter was primarily due to the start of serial production which has increased the purchase volumes and increased inventory levels.. The cash flow effect of the change in working capital amounted to TSEK -20,939 (TSEK -4,098).

January – September

The cash flow for the period amounted to TSEK -134,740 (TSEK 121,963). The negative cash flow for the period was primarily due to expenses related to product development and test and verification for PWR BLOK generation 3.

The cash flow effect of the change in working capital amounted to TSEK -40,296 (TSEK -12,897). As at the balance sheet date, cash and cash equivalents amounted to TSEK 100,952 (TSEK 263,555).

Parent company

Third quarter

The parent company's operating income and own work capitalised during the quarter amounted to TSEK 0 (TSEK 9,325). Net sales for the quarter amounted to TSEK - (TSEK -) and profit/loss after financial items were TSEK -243,432 (TSEK -15,871).

For further comments on the parent company quarterly results refer to the same explanations as the Group results.

January – September

The parent company's operating income and own work capitalised during the period amounted to TSEK 11,256 (TSEK 41,886). Net sales for the quarter amounted to TSEK - (TSEK -) and profit/loss after financial items were TSEK -316,733 (TSEK -45,344).

As at the balance sheet date, capitalised development costs amounted to TSEK 156,441 (TSEK 369,543). The parent company's cash balance as at the balance sheet date amounted to TSEK 99,306 (TSEK 261,531). Long-term receivables from subsidiaries were TSEK 22,174 (TSEK 13,133), which were higher compared to prior year end as a result of the shareholder loan payments to Swedish Stirling South Africa throughout the year.

For further comments on the parent company results for the period January through September refer to the same explanations as the Group results.

Transactions with related parties

Board member Gunilla Spongh has resumed her work with assisting the Company with the preparations for the planned listing on Nasdaq Main Market. The assignment is scheduled to end on 31 March 2023. During the period January through September 202, Spongh has received TSEK 37,5 (TSEK 20).

Staff and organisation

The number of employees at the end of the period was 48, of which 10 were employed in South Africa.

Shares and financing

Swedish Stirling has been a publicly listed company in Sweden since 28 November 2016 and is as of 6 November 2020 listed on Nasdaq First North Premier Growth Market under the ticker symbol STRLNG and with ISIN code SE0009143993.

The below table outlines the change in issued shares since 1 January 2021.

	Shares issued
Opening balance as at 1 January 2021	97 118 961
Conversion from convertible bonds	13 770 292
Conversion from warrants	4 290 000
New share issue	13 240 000
Closing balance as at 31 December 2021	128 419 253
Closing balance as at 30 September 2022	128 419 253

As at 30 September 2022, the share capital amounted to SEK 1,284,192.53 divided into 128,419,253 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 Loan 2020/2025 (KV4)

On 1 July 2020, an issue of a convertible loan with deviation from the shareholders' preferential right in the amount of SEK 100,000,000 (KV4) was registered. The convertible loan carries an interest rate of 14 percent per annum and falls due on 30 June 2025. Conversion requests can be issued from 2 May 2025 up to and including 16 June 2025. The conversion rate is SEK 8 per share. At full conversion the Company's share capital may increase by a maximum of SEK 125,000, and the number of shares in the Company may increase by a maximum of 12,500,000 shares. This corresponds to a dilution of approximately 8.9 percent. There is no intention to list the convertible loan on any marketplace.

Risks

Swedish Stirling's operations consist mainly of developing and commercializing new technology based on Stirling engines. The company's development thus addresses technical, financial, regulatory, and project-related risks. For more detailed information on risks, please refer to the annual accounts for 2021, and the company description available on the company's website at www.swedishstirling.com.

Russia's attack on Ukraine in the first quarter of 2022 has resulted in increased concern and general uncertainty in the world, with, among other consequences, higher commodity prices, higher energy costs, inflation, and economic stagnation. Currently, Swedish Stirling has no operations, partners or subcontractors in the countries directly involved in the war. Some of the company's subcontractors have announced delivery delays as a consequence of the ongoing war. The current situation on the world's financial markets, with increased inflation and rising interest rates, has however significantly hampered the company's ability to finance energy conversion services, in which the company owns, and is responsible for, the equipment and installation. There is therefore a risk that the 10MW energy conversion project at Glencore Merafe's ferrochrome smelter in Lion, South Africa, may be delayed and/or need to be renegotiated, and that the planned and initiated production of the PWR BLOK unit will be scaled back. There is also a risk that the volumes of the PWR BLOK unit that had been communicated in connection with the signed declarations of intent will be revised, given the current market situation, and that this may result in lower sales and production volumes in the short term. The management and Board of Directors of Swedish Stirling are closely and continually monitoring events, to be able to adapt, if necessary, operations and plans going forwards.

Funding risk is defined as the risk that equity financing of a company is difficult and/or expensive to obtain. The board's decision to not carry out the new issue of preference shares has led to a substantial inventory that the company, on short notice, has not managed to finance or sell. The reasons for this are to do with liquidity, given that the company has produced several PWR BLOKs and many engines, as well as stock for continued production. At the time of writing, the company is lacking the liquidity and cash flow required to continue running the company for the coming 12 months. According to the board's assessment, the company has the cash required to run for another 4 months if more capital is not raised. To assure continued business, new financing must be secured, and the company is working on obtaining

long-term financing, and has high hopes of being able to do so soon. The management is continuing to focus on cash flow and on landing business that can generate cash inflows. You can read more about this in the sections CEO's statement and Marketing, among others.

Further successful share issues, as well as continued measures to secure liquidity, are a must for the company to continue its operations. Failure to obtain further financing at the right moment can lead to the company having to delay, scale back, or stop its operations. As financing is not guaranteed for the coming 12-month period, we are required to communicate the existence of significant uncertainties in terms of the company's financial situation, which could lead to considerable doubt as to the company's ability to stay in business. On the back of the planned measures to secure financing, this report has been produced on the assumption that business will continue, as the assessment of both the management and the board is that there are several options available for securing financing. Should the situation arise that operations can no longer continue, which is not the case for the company, there would be a risk of a significant write-down of the company's assets.

Audit

This interim report has not been subject to review by the Company's auditors.

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). Accounting principles and calculations have been applied in the same manner as presented in the 2020 annual report for both the parent company and the Group. 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).

Accounting principles for financial instruments at fair value

The Company has entered into a currency hedge during the year which constitutes a financial instrument reported at fair value through profit and loss. Financial assets in this category are reported as derivatives. All derivatives are reported at fair value in the balance sheet. The Company does not currently apply hedge accounting, which is why all derivatives are reported at fair value through profit and loss. The fair value for derivative instruments has been calculated on the basis of the most reliable market prices available. All derivatives are found within level 2 in the value hierarchy and no transfers between the levels have occurred. Level 2 in the fair value hierarchy is based on other observable data for the asset or liability compared to quoted prices included in level 1, either directly (as price) or indirectly (derived from price quotations). With regards to other financial instruments reported at amortised cost, the carrying amount is deemed a reasonable approximation of fair value.

For more detailed information on the Company's accounting principles, please refer to the annual report 2021, which is available on the Company's website.

Financial calendar

- The results for Q4 2022 will be published on 17 February 2023.
- The annual report for 2022 will be published on 20 March 2023.
- The quarterly report for Q1 2023 will be published on 12 May 2023.
- The half year report for 2023 will be published on 18 August 2023.
- The quarterly report for Q3 2023 will be published on 9 November 2023.

The CEO warrants that the interim report for the period January through September 2022 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, 9 November 2022

Dennis Andersson

CEO

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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 9 November 2022, 08:00 CET.

Consolidated statement of profit and loss and comprehensive income

Amount in SEK thousands	Note	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Net sales		39	50	108	50	73
Own work capitalised		0	10,545	10,775	45,624	66,736
Other operating income	2	0	71	663	205	306
Total		39	10,666	11,546	45,879	67,115
Raw materials and consumables		-10,167	-3,004	-18,823	-14,539	-18,951
Other external expense		-3,265	-3,996	-20,311	-16,582	-25,537
Costs of personnel		-11,279	-10,008	-37,537	-32,394	-47,085
Depreciation of tangible fixed assets and right-of-use assets		-1,109	-867	-3,119	-2,467	-3,449
Depreciation of intangible assets		-11,604	-2,340	-32,915	-2,340	-9,717
Write-down of development costs	3	-204,328	-	-204,328	-	-88
Other operating expenses		-649	-19	-786	-99	-191
Total		-242,401	-20,234	-317,819	-68,421	-105,018
Operating profit		-242,362	-9,568	-306,273	-22,542	-37,903
Financial income		4,395	-446	6,270	42	5
Financial cost	4	-6,577	-6,373	-20,176	-22,592	-29,506
Financial items - net		-2,182	-6,819	-13,906	-22,550	-29,501
Net income before tax		-244,544	-16,387	-320,179	-45,092	-67,404
Tax		-63	-391	-1,029	-1,121	-1,915
Profit/loss for the period		-244,607	-16,778	-321,208	-46,213	-69,319
Other comprehensive income:						
Items that may be classified to profit/loss for the period:						
Exchange rate differences from foreign operations		136	177	-1,224	-140	20
Other comprehensive income for the period		136	177	-1,224	-140	20
Total comprehensive income for the period		-244,471	-16,601	-322,432	-46,353	-69,299

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	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Earnings per share prior to dilution	-1.90	-0.13	-2.50	-0.40	-0.59
Diluted earnings per share	-1.90	-0.13	-2.50	-0.40	-0.59

Consolidated balance sheet

ASSETS

Amount in SEK thousands	Note	30-09-2022	30-09-2021	31-12-2021
Intangible fixed assets				
Capitalised expenditures for development work	3	168,413	381,165	394,881
Total		168,413	381,165	394,881
Tangible fixed assets				
Leasehold improvements		438	650	564
Machinery and other technical assets		16	12	10
Property, plant and equipment		7,143	4,177	4,315
Vehicles		754	732	658
Construction in progress		6,977		
Total		15,328	5,571	5,547
Right-of-use assets		8,990	10,736	10,268
Financial fixed assets				
Derivatives		-	4,920	3,723
Other long-term receivables		41	39	37
Total		41	4,959	3,760
Deferred tax asset		60	24	34
Total fixed assets		192,832	402,455	414,490
Current assets				
Inventories		53,116	13,329	14,941
Work in progress		20,052	10,773	12,504
Total		73,168	24,102	27,445
Current receivables				
Current tax receivables		4,504	1,774	2,521
Other receivables		215	69	600
Prepaid expenses		1,330	1,436	1,275
Cash and cash equivalents		100,952	263,555	235,495
Total current assets		180,169	290,936	267,336
TOTAL ASSETS		373,001	693,391	681,826

Consolidated balance sheet

EQUITY AND LIABILITIES

Amount in SEK thousands	Note	30-09-2022	30-09-2021	31-12-2021
Equity				
Share capital		1,284	1,283	1,284
Share premium reserve		784,769	784,769	784,769
Other reserves		-1,227	-163	-3
Retained earnings		-532,716	-188,402	-211,509
Total equity attributable to the parent company's shareholders		252,109	597,487	574,541
Long-term liabilities				
Convertible loans		68,912	62,693	64,075
Lease liabilities		7,064	8,964	8,166
Other long-term loans		10,000	10,000	10,000
Total		85,976	81,657	82,241
Deferred tax liability		5,155	3,296	4,099
Current liabilities				
Accounts payable		18,284	3,957	7,557
Leasing liabilities		1,906	1,564	1,946
Other current liabilities		2,599	1,733	5,578
Accrued expenses		6,971	3,697	5,864
Total		29,760	10,951	20,945
TOTAL EQUITY AND LIABILITIES		373,001	693,391	681,826

Consolidated changes in equity

2021					
Equity attributable to parent company shareholders					
Amount in SEK thousands	Share capital	Other capital contributions	Reserves	Retained earnings including profit/loss for the period	Total equity
Opening balance as at 1 January 2021	971	431,583	-23	-139,306	293,225
Profit/loss for the period				-69,319	-69,319
Other comprehensive income for the period			20		-20
Total comprehensive income for the period			20	-69,319	-69,299
Transactions with shareholders in their capacity as owners					
Conversion of convertible loan to shares	138	131,677			131,815
Conversion of warrants	43	12,690		-2,884	9,849
New share issue, net of transaction costs	132	208,819			208,951
Total transactions with shareholders	313	353,186		-2,884	350,615
Balance as at 30 September 2021	1,284	784,769	-3	-211,509	574,541
2022					
Equity attributable to parent company shareholders					
Amount in SEK thousands	Share capital	Other capital contributions	Reserves	Retained earnings including profit/loss for the period	Total equity
Opening balance as at 1 January 2022	1,284	784,769	-3	-211,509	574,541
Profit/loss for the period				-321,208	-321,208
Other comprehensive income for the period			-1,225		-1,225
Total comprehensive income for the period			-1,225	-321,208	-322,433
Closing balance as at 30 September 2022	1,284	784,769	-1,227	-532,716	252,109

Consolidated cash flow statement

Amount in SEK thousands	Note	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Operating activities						
Profit/loss after financial items		-244,544	-16,387	-320,179	-45,092	-67,404
Adjustments for items not included in cash flow	5	217,802	6,126	247,911	16,553	31,387
Cash flow from operating activities before changes in working capital		-26,742	-10,261	-72,268	-28,539	-36,017
Increase (-) / decrease (+) in inventories		-26,931	-234	-47,955	-2,791	-6,193
Increase (-) / decrease (+) in operating receivables		-580	-1,664	-3,335	-1,206	-643
Increase (-) / decrease (+) in operating liabilities		6,572	-2,200	10,994	-8,900	-4,544
Cash flow from changes in working capital		-20,939	-4,098	-40,296	-12,897	-11,380
Total cash flow from operating activities		-47,681	-14,359	-112,564	-41,436	-47,397
Investing activities						
Investment in financial fixed assets		-1,762	-5,117	223	-7,954	-7,954
Investments in intangible assets		-1	-10,545	-10,776	-44,564	-65,656
Investments in tangible fixed assets		-4,447	-480	-11,236	-1,105	-1,717
Cash flow from investing activities		-6,210	-16,142	-21,789	-53,623	-75,327
Financing activities						
New share issue		-	-	-	208,951	208,951
Conversion of warrants		-	6,360	-	9,849	9,849
Amortisation of lease debt		-376	-479	-1,154	-1,087	-1,497
Repayment of convertible loan		-	-	-	-691	-691
Exercise of derivative instrument		4,752	-	4,752	-	-
Exchange currency effect on long term loan		-3,985	-	-3,985	-	-
Cash flow from financing activities		391	5,881	-387	217,022	216,612
Cash flow for the period		-53,500	-24,620	-134,740	121,963	93,888
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		150,333	288,208	235,495	141,631	141,631
Exchange rate differences in cash and cash equivalents		-34	-33	197	-39	-24
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		100,952	263,555	100,952	263,555	235,495

Parent company income statement

Amount in SEK thousands	Note	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Operating income		-	-	-	-	-
Net sales		-	9,225	10,775	41,704	61,399
Own work capitalised		-	100	481	182	304
Total		-	9,325	11,256	41,886	61,703
Operating expense						
Raw materials and consumables		-6,690	-2,666	-15,423	-13,425	-17,838
Other external expense		-8,891	-4,682	-26,884	-18,249	-27,850
Costs of personnel		-9,507	-9,127	-32,614	-30,024	-43,397
Depreciation of tangible fixed assets		-621	-436	-1,629	-1,281	-1,735
Depreciation of intangible fixed assets		-11,196	-2,228	-31,887	-2,228	-9,566
Capital loss on sale of fixed assets						-88
Write-down of development costs	3	-204,328	-	-204,328	-	-
Other operating expenses		-594	-10	-731	-77	-112
Total		-241,827	-19,149	313,496	-65,284	-100,586
Operating profit		-241,827	-9,824	-302,240	-23,398	-38,883
Profit/loss from financial items						
Interest income		4,876	331	5,431	592	812
Interest expense		-6,481	-6,378	-19,924	-22,538	-28,984
Financial items - net		-1,605	-6,047	-14,493	-21,946	-28,172
Net income before tax		-243,432	-15,871	-316,733	-45,344	-67,055
Income tax		-	-	-	-	-
Profit/loss for the period		-243,432	-15,871	-316,733	-45,344	-67,055

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

The parent company balance sheet

ASSETS				
Amount in SEK thousands	Note	30-09-2022	30-09-2021	31-12-2021
Intangible fixed assets				
Capitalised expenditures for development work	3	156,441	369,543	381,881
Total		156,441	369,543	381,881
Tangible fixed assets				
Leasehold improvements		438	650	564
Property, plant and equipment		6,966	4,015	4,173
Construction in progress		6,977	-	-
Total		14,381	4,665	4,737
Financial fixed assets				
Shares in subsidiaries		-	-	-
Receivables from subsidiaries		22,174	13,133	15,763
Derivatives		-	4,920	3,723
Other long-term receivables		-	1	-
Total		22,174	18,054	19,486
Total fixed assets		196,996	392,262	406,104
Current assets				
Inventory		53,116	13,329	14,941
Work in progress		14,318	10,757	10,885
Total		67,434	24,086	25,826
Current receivables				
Receivables from subsidiaries		674	592	812
Current tax receivables		3,495	28	684
Other receivables		-	13	517
Prepaid expenses		1,564	1,635	1,489
Total		5,733	2,268	3,502
Cash and cash equivalents		99,306	261,531	233,469
Total current assets		172,473	287,885	262,797
TOTAL ASSETS		365,469	680,147	668,901

The parent company balance sheet

ASSETS				
Amount in SEK thousands	Note	30-09-2022	30-09-2021	31-12-2021
Equity				
Restricted equity				
Share capital		1,284	1,283	1,284
Fund for development costs		-	205,516	217,873
Total		1,284	206,799	219,157
Unrestricted equity				
Share premium reserve		784,769	784,769	784,769
Retained earnings		-209,416	-347,874	-360,232
Profit/loss for the period		-316,733	-45,344	-67,057
Total		258,620	391,551	357,480
Total equity attributable to the parent company's shareholders		259,904	598,350	576,637
Long-term liabilities				
Convertible loans		68,912	62,693	64,075
Other long-term loans		10,000	10,000	10,000
Total		78,912	72,693	74,075
Current liabilities				
Accounts payable		17,886	3,766	6,945
Other current liabilities		1,796	1,643	5,384
Accrued expenses and deferred income		6,971	3,695	5,860
Total		26,653	9,104	18,189
TOTAL EQUITY AND LIABILITIES		365,469	680,147	668,901

Parent company changes in equity

2021					
Equity attributable to parent company shareholders					
Amount in SEK thousands	Share capital	Development reserve	Reserves	Retained earnings including profit/loss for the period	Total equity
Opening balance as at 1 January 2021	971	170,928	431,583	-310,403	293,079
Profit/loss for the period				-67,057	-67,057
Provisions for development reserve		46,945		-46,945	-
Total comprehensive income for the period		46,945		-114,002	-67,057
Transactions with shareholders in their capacity as owners					
New share issue, net of transaction costs	138		131,677		131 815
Conversion of warrants	43		12,690		9,849
Option component convertible loan	132		208,819	-2,884	208,951
Total transactions with shareholders	313		353,186	-2,884	350,615
Closing balance as at 31 December 2021	1,284	217,873	784,769	-427,289	576,637
2022					
Equity attributable to parent company shareholders					
Amount in SEK thousands	Share capital	Development reserve	Reserves	Retained earnings including profit/loss for the period	Total equity
Opening balance as at 1 January 2022	1,284	217,873	784,769	-427,289	576,637
Profit/loss for the period				-316,733	-316,733
Provisions for development reserve		-217,873		217,873	
Total comprehensive income for the period		-217,873		-98,860	-316,733
Transactions with shareholders in their capacity as owners					
Total transactions with shareholders					
Closing balance as at 30 September 2022	1,284	0	784,769	-526,149	259,904

Parent company cash flow statement

Amount in SEK thousands	Note	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Operating activities						
Profit/loss after financial items		-243,432	-15,871	-316,733	-45,344	-67,055
Adjustments for items not included in cash flow, etc.		217,653	5,146	243,700	15,502	29,431
Cash flow from operating activities before changes in working capital		-25,779	-10,725	-73,033	-29,842	-37,624
Increase (-) / decrease (+) in inventories		-26,957	-219	-43,840	-2,775	-4,574
Increase (-) / decrease (+) in operating receivables		-1,662	70	-1,866	329	-834
Increase (-) / decrease (+) in operating liabilities		7,339	-2,522	8,175	-9,059	-3,411
Cash flow from changes in working capital		-21,280	-2,671	-37,531	-11,505	-8,819
Total cash flow from operating activities		-47,059	-13,396	-110,564	-41,347	-46,443
Investing activities						
Investment in financial fixed assets		-1,762	-5,117	223	-7,954	-7,954
Investments in intangible assets		-1	-9,225	-10,776	-40,644	-60,319
Investments in tangible fixed assets		-4,446	-454	-11,273	-1,036	-1,651
Cash flow from investing activities		-6,209	-14,796	-21,826	-49,634	-69,924
Financing activities						
New share issue		-	-	-	208,951	208,951
Conversion of warrants		-	6,360	-	9,849	9,849
Repayment of convertible loan		-	-	-	-691	-691
Exercise of derivative instrument		4,752	-	4,752	-	-
Loans issued to subsidiaries		-	-4,094	-6,525	-7,175	-9,851
Cash flow from financing activities		4,752	2,266	-1,773	210,934	208,258
Cash flow for the period		-48,516	-25,926	-134,163	119,953	91,891
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		147,822	287,457	233,469	141,578	141,578
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		99,306	261,531	99,306	261,531	233,469

Notes

Note 1 General information

Swedish Stirling AB (publ) ("Swedish Stirling"), 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 which, for income statement and cash flow, represent prior year-to-date for the same period and for balance sheet and equity, prior year ending balance.

Note 2 Operating income

Operating income comprises the following:

Amount in SEK thousands	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Currency losses/gains	0	71	263	198	299
Other income	0	-	175	7	7
Total operating income	0	71	438	205	306

Note 3 Impairment of intangible fixed assets

Every year the group examines whether there is any impairment need for intangible fixed assets. The group has currently a cash-generating unit for the development and sales of PWR BLOKs. Salvage values for the cash generating unit has been determined by calculating the value in use. For these calculations, some estimates must be made. The appreciated discount rate before tax used has been 31%, which is the same level previously used. In order to calculate the value in use, the Company has forecasted sales for the coming nine-year period. Thereafter, the eternal growth has been estimated to be 3%. The company's forecasts are based on existing agreements as well as ongoing discussions with potential customers. Based on this background, the Company has decided to do a write-down of development costs, primarily related to PWR BLOK Generation 1 and Generation 2, for a total of SEK 204 million.

Note 4 Financial cost

Convertible debt instruments include both a debt component and an equity component. Swedish Stirling has one outstanding convertible loan of TSEK 100,000 (KV4). For detailed accounting principles for the convertible loans, see Note 2 - 2.16 in the 2021 annual report.

Swedish Stirling is in an expansion phase where revenues from sale of the product have not been reported. As the risk is considered greater 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	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Interest convertible loans	5,237	4,780	15,337	18,686	23,567
Other interest expense	1,340	273	4,839	802	1,523
Revaluation of derivative	-	1,320	-	3,104	-
Total financial expenses	6,577	6,373	20,176	22,592	25,090

During the period January through September 2022, interest payments amounted to TSEK 14,000 (TSEK 18,017).

Note 5 Adjustments for items not included in cash flow

Amount in SEK thousands	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Discount rate convertible loans	1,737	1,188	4,837	8,082	9,463
Amortisation of tangible fixed assets	1,109	867	3,119	2,467	3,449
Amortisation of intangible fixed assets	11,604	2,340	32,915	2,340	9,717
Write-down of development costs	204,336		204,031		88
Stock obsolescence reserve and scrapped material	1,148	62	2,232	235	293
Revaluation of derivative	1,038	1,320	3,849	3,104	4,416
Accrued interest	-619	206	-206	619	4,325
Unrealised currency translation adjustment	-2,552	143	-2,867	-294	-364
Total	217,802	6,126	247,911	16,553	31,387

Note 6 Earnings per share

	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
SEK					
Earnings per share prior to dilution	-1.90	-0.13	-2.50	-0.40	-0.59
Diluted earnings per share	-1.90	-0.13	-2.50	-0.40	-0.59
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, TSEK	-244,607	-16,778	-321,208	-46,213	-69,319
Amount					
Weighted average number of common shares when calculating earnings per share before dilution	128,419,253	126,458,383	128,419,253	115,224,904	118,487,589
Total weighted average number of common shares when calculating earnings per share after dilution	128,419,253	126,458,383	128,419,253	115,224,904	118,487,589

No dilutive effect as the earnings are negative

Note 7 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 Company'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 including 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.

Reconciliation Between IFRS and Financial Ratios

Amount in SEK thousands	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Profit/loss for the period	-321,208	-46,213	-69,319
Total equity	252,110	597,487	574,541
Return on equity	-127%	-8%	-12%

Amount in SEK thousands	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Total equity	252,110	597,487	574,541
Total equity and liabilities	373,001	693,391	681,826
Equity / asset ratio	68%	86%	84%

Amount in SEK thousands	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Total current assets	180,169	290,936	267,336
Less inventories and work in progress	-73,168	-24,102	-27,445
Total	107,001	266,834	239,891
Total current liabilities	29,760	10,951	20,945
Quick ratio	360%	2437%	1145%

Note 8 Key ratios

Amount in SEK thousand	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Profitability			
Operating income	11,546	45,879	67,115
Operating profit	-306,273	-22,542	-37,903
Operating profit, after tax	-321,208	-46,213	-69,319
Return on equity *	-127%	-8%	-12%
Capital structure			
Equity/asset ratio *	68%	86%	84%
Quick ratio *	360%	2437%	1145%
Weighted average outstanding shares	128,419,253	115,224,904	118,487,589
- Convertible loans (***)	10,000,000	10,000,000	10,000,000
Number of shareholders (**)	18,132	16,301	17,702
Earnings per share in SEK	-2.50 kr	-0.40 kr	-0.59 kr
Earnings per share before and after dilution in SEK	-2.50 kr	-0.40 kr	-0.59 kr
Dividend per share	-	-	-
Employees			
Average number of employees	48	46	47
Personnel costs	37,537	32,394	47,085

(*) See note 7 for definitions

(**) At the balance sheet date

(***) Estimated number based on a conversion rate of STRLNG KV4: 8.0 per share.

Key ration 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 including 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.



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