



NEW SHARE ISSUE



SUBSCRIPTION PERIOD DEC 14, 2020 - JAN 31 2021

Visit our video presentation where CEO Karl-Magnus Mattsson and CFO Peter Kollert will present SWESTEP's future plans.

Presentation available from December 21 at 13.00.

LINK to presentation and subscription information: swestep.com/reg-prospectus-2020



SWESTEP BUSINESS DESCRIPTION IN BRIEF

SWESTEP is a clean tech company that offers a unique solution to two global challenges: waste management and energy conversion. The total addressable market amounts to € 1.7 trillion.

SWESTEP's Catalytic Conversion (CC) processes all hydrocarbon-based residues (all organic material and all plastics) without the negative environmental impact that are linked to competing technologies.

The unique climate-smart patented process is clearly differentiated from competitive solutions and it is offered at a price that is competitive, enabling a high rate of return for customers.

Today large amounts of emissions are created from burning waste for energy and from producing renewable fuels through high temperature technologies such as pyrolysis and gasification. These are the known technologies and they operate in temperatures above 400°C – up to 1200°C, which makes the process create furans and dioxins as well as large CO₂ emissions. All this affects the climate in a negative way.

SWESTEP's technology is more effective and gentle in comparison, the temperature reaches a maximum of 280 C° and the process includes a slight under-pressure. As a consequence it is impossible for dioxins and furans to be formed.

The technology produces an oil that replaces the fossil oil without customers and society having to make any changes to the infrastructure, thus bringing significant economic benefits alongside the environmental positives.

SWESTEP's technology is based on a combination of newer and older proven technologies and SWESTEP holds several patents in the separation and production of fuel from biomass as well as municipal waste.

Letter from the CEO

“Contributing to a better world through a business with great prospects in a multi-billion Euro market.”

SWESTEP has experienced significantly increased awareness and interest for its offering in the past 12 months. New potential customers from all over the world make contact on almost a daily basis to learn more about the SWESTEP technology and what it can offer for them in terms of financial, environmental and supply related benefits. Many of the discussions have come far into negotiations, bringing multiple opportunities for strong growth for the coming years.

As a consequence, SWESTEP is now preparing for going into the next phase, setting up a commercial plant which can be used as a showcase and building capacity for supply and production and full scale commercialization, which requires capital. Capital effectiveness has been a hallmark all through SWESTEP's history, why the finances and balance sheet as of today is not burdened by debt – despite having years and years of high level R&D and an attractive customer offering in place. The ambition is, consequently, to employ raised capital in an equally effective manner in the buildup – bringing a healthy return on invested capital to shareholders.

The fund raising activities for the commercialization of the company is in progress. The plan is to offer exit opportunities, through an Initial Public Offering on an established stock market. I hope you are interested in joining us, contributing to a better world through a business with great prospects in a multi-billion Euro market.

Karl-Magnus Mattsson, CEO SWESTEP
Stockholm, December 12, 2020

SWESTEP'S ADRESSABLE MARKET

During the past months SWESTEP performed an in-depth business feasibility analysis, which allowed us to assess the profitability of our project and also to define the SWESTEP market size, consolidate our business model, define the best go-to-market strategy and make economic and financial projections for the 2020-2025 period. The main results of the business feasibility analysis are summarized below.

SWESTEP is expected to enter the synthetic green fuel market, selling both the production plants and the SWESTEP renewable diesel and other performance chemicals from proprietary or co-owned plants.

According to SWESTEP's vision, synthetic green fuels and oils are poised to gradually replace fossil fuels/oils. In this context, SWESTEP's Total Addressable Market (TAM) is huge, amounting to around € 1.7 trillion.

SWESTEP has received LOI, inquiries and prospects for a value over € 1.5 billion, and expects to start production to orders during 2021.



In the illustration to the left, SWESTEP's market is shown, with the Total Approachable Market being the fossil oil market. As part of this, the global renewable diesel market was valued to 32.4 billion \$ in 2018, and is expected to grow at 5% CAGR to reach 44.2 billion \$ in 2024¹.

SWESTEP offers unique flexibility

- **Huge flexibility when it comes to input materials, why the process can focus entirely on waste that cannot be reused**
- **Production can switch from diesel to kerosene and crude oil which is then refined into other performance chemicals as non-fossil input material for textiles, plastics, adhesives, lubricating oils, engine oils, food essences and various cosmetic and medical products.**
- **With an additional process, the by-products CO2 and water can be converted into the electro fuel Methanol.**

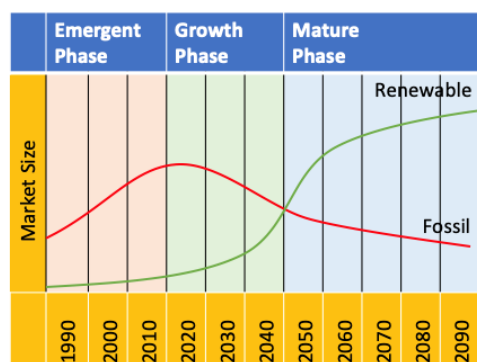
The Early Customers Market consist of parts of the established project LOIs and finally the SWESTEP Obtainable Market (SOM) being calculated from the financial 5 year plan in the year after establishing the reference plant realizing € 60-230 M depending on plant sizes. SWESTEP's process can create fuels, raw material for new plastics and synthetic textile fibers which replaces fossil textile fibers and many more fossil based products.

All in all this opens up a multibillion-Euro market.

There is a large growing market that suits SWESTEP and where SWESTEP solves major waste management problems and at the same time the energy transition from fossil to non-fossil oil, replacing the many hundreds of different product types produced from fossil oil today like medicines, food essences, plastics, paints, additives.

¹ Source: Research and Markets - Biodiesel Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2019-2024

This means an ever increasing market potential.



On the left the peak of fossil fuels and the growth for renewable fuels is illustrated². The crossing point is estimated to take place 2040-2050. In addition to the advantages and unique features the SWESTEP's Catalytic Conversion Technology has the advantages of not being limited to only renewable fuels.

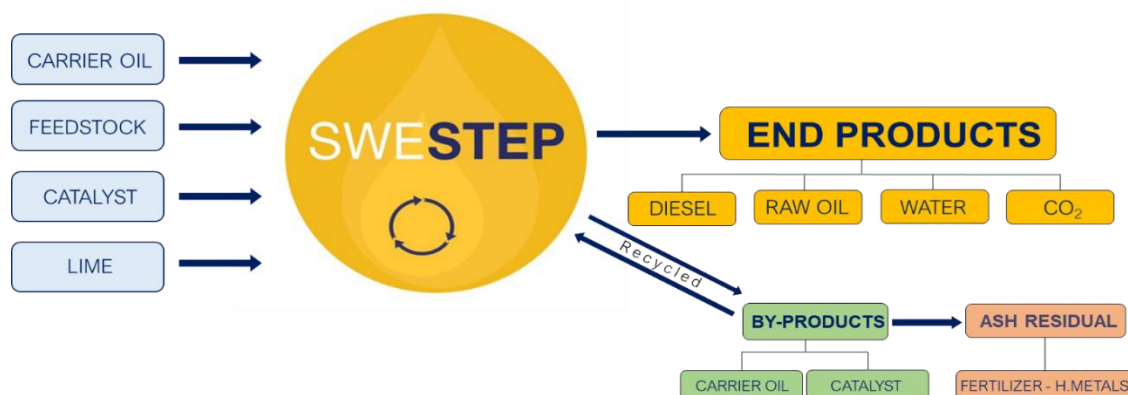
Additionally SWESTEP has the advantage of offering:

- Alternative products potentially replacing fossil oil based products of all sorts;
- Capturing CO₂ and extracting water which can be utilized as separate products or in combination, producing electro fuel in the form of Methanol.

COMPETITIVE POWER AND TECHNOLOGICAL ADVANTAGE

SWESTEP's CC technology is a natural given process. The CC-process is a catalytic conversion process and uses nature's own catalysts and therefore does not need chemical additives. Nature creates at low temperature and no pressure, high energy output from low energy food so all living creatures can perform work; birds can fly, fish can swim and animals on land can run. Catalysts are found in the blood and intestine and enables a conversion of energy with the highest efficiency. The byproducts are water, CO₂ and inorganics. The CC-process uses the same mechanism. The same catalysts are responsible for a conversion of low energy input material to high energy output in the form of fuel. By a slightly higher temperature and an intensive mixing of the feedstock with catalyst, the process can be replicated technically and also technical products such as plastic can be converted. This makes this technology more efficient, cheaper in investment and gentler for the environment and climate.

SWESTEP does not need to use arable land to produce input materials, but can concentrate on input materials from the undesired hydrocarbon-based waste that cannot



² Source: Carbon Tracker Initiative

be recycled. For example non-recyclable paper, plastics, clothes, demolition timber, sawdust, cutter shavings, root and branches, fish rinse and more.

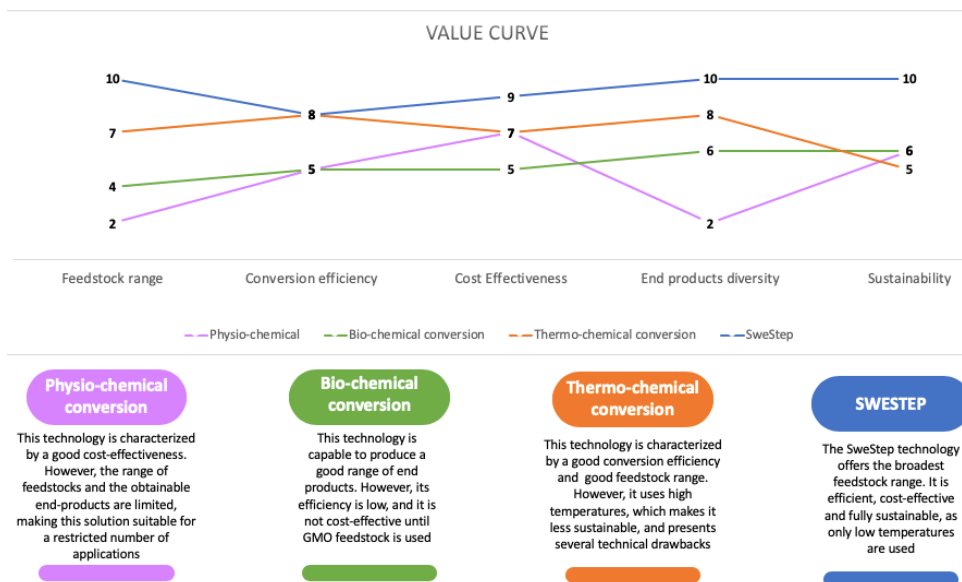
The production cost of a liter diesel is so low that it can compete with the fossil refined diesel, but with the great benefits of less freights, input materials available locally, no heavy transport needed as the final product can be used locally and circularly. Input materials are today usually a revenue by getting paid for landfill fees (also known as gate-fees today).

These fees, which are paid to the owner of SWESTEP's plant, are between 0-3000 SEK/ton depending on the type of waste. However, SWESTEP bases its calculation conservative based on a cost instead of a revenue, to be safe and able to produce to a competitive and profitable price, even if there is a cost. The table below shows a sensitivity analysis of the profitability of a standard SWTP-1000 l/h plant. The profitability is even higher and with more margin for the SWTP-5000 l/h plant.

Worst Case:	Most Likely Case:	Best Case:
Feedstock cost: 50 €/ton	Feedstock cost: 5.27 €/ton	Feedstock gate fee: 50 €/ton
Payback time: 6 years and 8 months	Payback time: 5 years and 8 months	Payback time: 5 years
IRR: 16%	IRR: 20.1%	IRR: 25.1%

Table 4: Sensitivity Analysis

The SWESTEP value curve, based on a comparison with the main competitor technologies is shown in the illustration below³:



³ Source: internal analysis

INPUT

The SWESTEP CC-Technology allows for an exceptionally versatile range of input material, enabling the recycling of more hydrocarbon based residues and wastes than any other technology



OUTPUT

The range of output products is as broad as for fossil oil. Additionally the process delivers water and CO₂



In addition to these products, SWESTEP can connect an electrolytic process that converts water and carbon dioxide into the valuable electro fuel methanol.

COMPETITOR COMPARISON

The comparison is based on information available on the webpages of the respective companies with the aim to compare the capabilities with those of SWESTEP.

Quantafuel



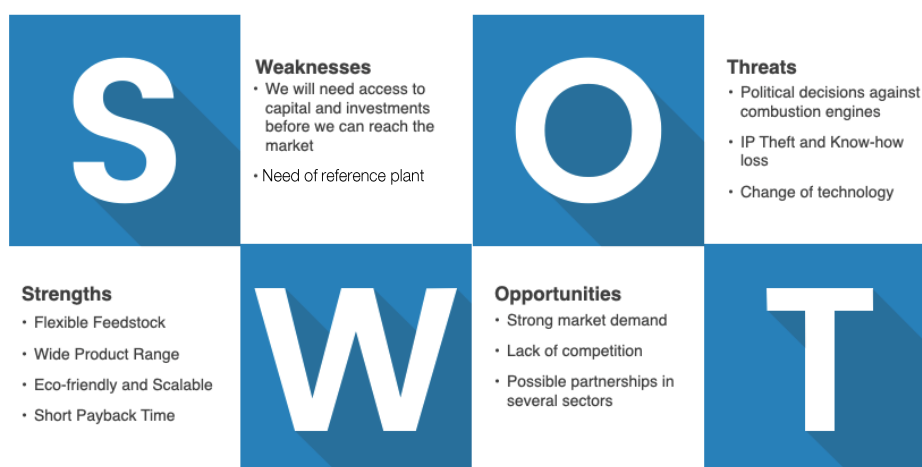
* Only plastics are mentioned as final products, other applications are indicated but not identified

HVO NESTE



* All end products are not marketed today, but the potential should be similar to that of the CC-Technology

SWOT ANALYSIS



SWESTEP'S BUSINESS MODEL

The SWESTEP business model rely on the sales of our green diesel/oil production plants. The pricing strategy has been validated through numerous interactions with potential customers, confirmed by the high number of Letters of Intent. We performed a stakeholder analysis and also analyzed the competitive landscape, including potential competitors, substitutes and the barriers of entry as well as differentiation versus existing companies offering production of synthetic green fuel and green performance chemicals. The conclusions are that SWESTEP has a strong offering, clearly differentiated in terms of value added to customers and society. The barriers of entry are high from a technological perspective and the risk for new entrants and substitutes is consequently deemed as low.

Go-to-market Strategy

SWESTEP has defined a marketing and sales strategy, as well as a roadmap for the expansion of the market, and consequently growing the company. In the first phase, sales activities are focused on closing deals with prospects already on the short list, and where discussions already are in place, in order to make early wins. This will be done by the organization in place as of today, and if needed, supported by agents in certain markets. In the second phase SWESTEP plan to establish subsidiaries in the largest and most profitable markets.

Economic and Financial Projections

SWESTEP has made a forecast on results from the base case scenario for the roll-out period of 2021-2025. According to the forecast, revenue bookings are expected to start in 2021, from selling 1 plant. This is taking SWESTEP to break even already in year 1. In 2023 the forecasted revenues will amount to € 59 million, with an EBITDA margin of 34%. SWESTEP expects to generate more than € 16 million in net profit based on selling 4 standard SWTP-1000 plants annually. The full potential is, of course, much larger than that.

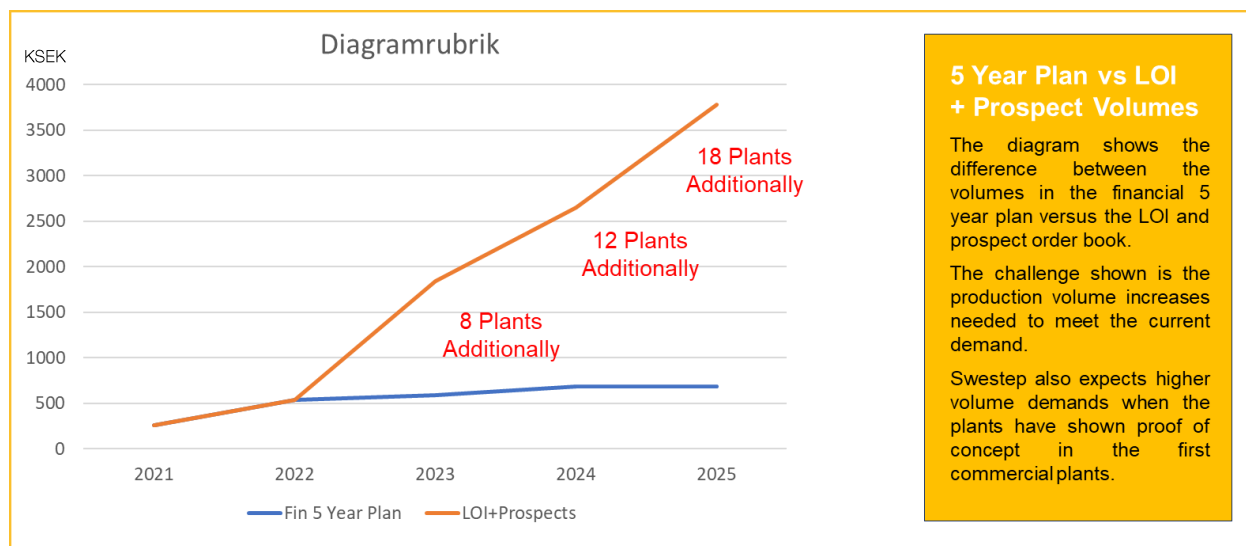
SWESTEP's financial base case scenario 2021-2025

Order nr	1-2	3-6	7-10	11-14	15-18
<i>All values in EUR</i>					
Cash Flow	Year 1	Year 2	Year 3	Year 4	Year 5
Income	19 474 286	47 603 810	56 232 000	65 156 700	65 283 435
Payments to suppliers	-10 916 667	-22 847 024	-25 888 875	-30 003 094	-30 058 973
Payments own spendings	-3 423 395	-7 596 996	-8 649 230	-10 755 229	-11 040 406
Cash Balance change	5 134 224	17 159 790	21 693 895	24 398 377	24 184 056
Profit margin	26%	36%	39%	37%	37%
Tax	-1 858 587	-4 286 256	-4 391 353	-5 336 176	-5 247 994
Cash Balance change a.T.	3 275 637	12 873 534	17 302 542	19 062 201	18 936 061
Operating Statement	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	23 666 667	49 530 952	56 125 500	65 044 875	65 166 019
Costs suppliers	-10 916 667	-22 847 024	-25 888 875	-30 003 094	-30 058 973
Costs own	-3 423 395	-5 596 996	-8 649 230	-8 755 229	-9 040 406
Result bef depreciation	9 326 605	21 086 932	21 587 395	26 286 552	26 066 639
EBITDA Margin	39%	43%	38%	40%	40%
Depreciation	-476 190	-676 190	-676 190	-876 190	-1 076 190
EBIT	8 850 414	20 410 742	20 911 204	25 410 362	24 990 449
EBIT Margin	37%	41%	37%	39%	38%
Result after Tax	21% 6 991 827	16 124 486	16 519 851	20 074 186	19 742 455
Margin Net result	30%	33%	29%	31%	30%
Investments production facilities	0	2 000 000	0	2 000 000	2 000 000
Investment Test plant	4 761 905				
Free Cash Flow after investments	-1 486 268	12 873 534	17 302 542	19 062 201	18 936 061

Key assumptions in short

Volumes	2 plants year 1, 4 plants consecutive years.
Production	Subsupplier year 1-2, Own prod from year 3 Ref plant constructed year 1
Staff	Necessary production and management/adm personnel
Investments	Test plant 5 €M Production facilities; year 2, 2 €M, year 4, 2 €M, year 5, 2 €M
Payments	Stipulated: 50/20/20/10 Calculated: 40/20/20/10/10 20% ownership in plant 1-3
Prices	Sales/Purchase price increase 5%

Difference between base scenario Financial 5 Year Plan and LOI/Project prospect volumes:



SWESTEP'S STRATEGIC DIRECTION

Establish production capacity

In 2021, SWESTEP intends to use SEK 25 million to acquire an existing production unit in Ljungby, which is well suited for the needs in phase one. Given the large amount of LOI's, project prospects and ongoing sales leads, the long-term intention is to build a new production unit close to the original facilities with a capacity of up to 72 plants annually. This would require an additional investment of approximately € 10 M. These funds will either be financed with cash flow from the 5-10 first plants sold, or by a combination of loans and further equity investments.

Establish a commercial SWESTEP plant in Ljungby

SWESTEP will invest in a CC-plant located close to the production site in Ljungby. This will be a commercially operated facility but it will also be instrumental in showing customers how the technology functions when in production. As such it will serve as a reference and an experience center – most likely reducing the lead time from initial interest and discussion to signing of the customer order.

Hällstorp Recycling and Ljungby Energi will provide local waste and the feedstock will be converted into primarily a renewable EN590 diesel for which ST1 has signed an LOI to purchase the output. There are potentially other off-take partners for the different qualities of oil that can be produced and further refined in collaboration with major companies in the plastics, chemistry, furniture and the wood industry as well as the automotive industries.

The investment will be made during 2021 and amounts to SEK 75 million comprising a 500 litre/h plant, a laboratory for R&D, product testing, process optimization and technology development as well as an education center for seminars and on-site training of operators. In parallel with this investment, SWESTEP also intends to further strengthen the organization in terms of technological knowledge, production capacity, sales organization and administration. This will be done in the same manner as before in the SWESTEP history, with adding value to customers as the highest priority and good cost control as a given.

SWESTEP's strategy is to

- Build and maintain the SWESTEP brand.
- Register new patents
- Establish production in Ljungby, Sweden, in proprietary facilities.
- Establish licensee production agreements for rapid expansion.
- Educate and train the operational staff of the plants on site in Ljungby.
- Be a partner in SPV project companies where SWESTEP takes a minor part and a ticker for each liter diesel produced.
- Commercialize SWESTEP solutions for jet and ship fuel, raw materials for production of plastics, synthetic textile fibers, lubricants, glue, additives, cosmetic and medical products.
- Commercialize the valuable byproducts from the SWESTEP process: CO₂, Water and minerals – liquefied CO₂/Methanol, fertilizers

“SWESTEP's goal is to position the brand as a leading alternative to the fossil fuel industry.”

OFFER IN BRIEF - BACKGROUND AND MOTIVES

SWESTEP is ready for taking the next step towards a global roll out of its unique technology, bringing benefits for customers and society, but also to shareholders – in terms of a high potential return on invested capital. The objective is to list the company in 5 years, enabling an exit for investors.

The prerequisites for success are promising.

- SWESTEP meets a significant global customer demand, which is growing day by day.
- SWESTEP has a stronger technology than peers in the industry (who are valued at much higher multiples) according to internal benchmarks.
- SWESTEP has multiple LOI's and orders, which can start to be executed when a production unit and a SWESTEP plant is up and running.
- SWESTEP has no debt in the balance sheet.

Investors who want to take part of the future development and value creation in SWESTEP now have an opportunity to do so. This window of opportunity is open until January 31, 2021. Investors should be aware and ready to carry the risk of investment but also the opportunity of benefiting from the value creation.

The capital injection shall be used for the following needs:

Phase 1: Pre-commercial (This share issue):

- SEK 10 million working capital and patents

Phase 2: On going commercial roll-out financing

- SEK 75 million to set up the commercial SWESTEP reference plant SWTP-500 l/hour, a complete laboratory, education center and necessary organization.
- SEK 25 million for the acquisition of production capacity and facilities

The on-going commercial roll-out financing is focused on Equity investors, Future Group Memberships (potential customers and technology partners) and soft funding from EU or national agencies as well as foundations with a high number of contacts/partners and ongoing processes. We are currently contacting Private Equity investors, VC organizations, Funds and Family Offices on an international basis. SWESTEP also expects that with a successful fund raising, SWESTEP will be able to receive a working capital credit from a commercial bank.

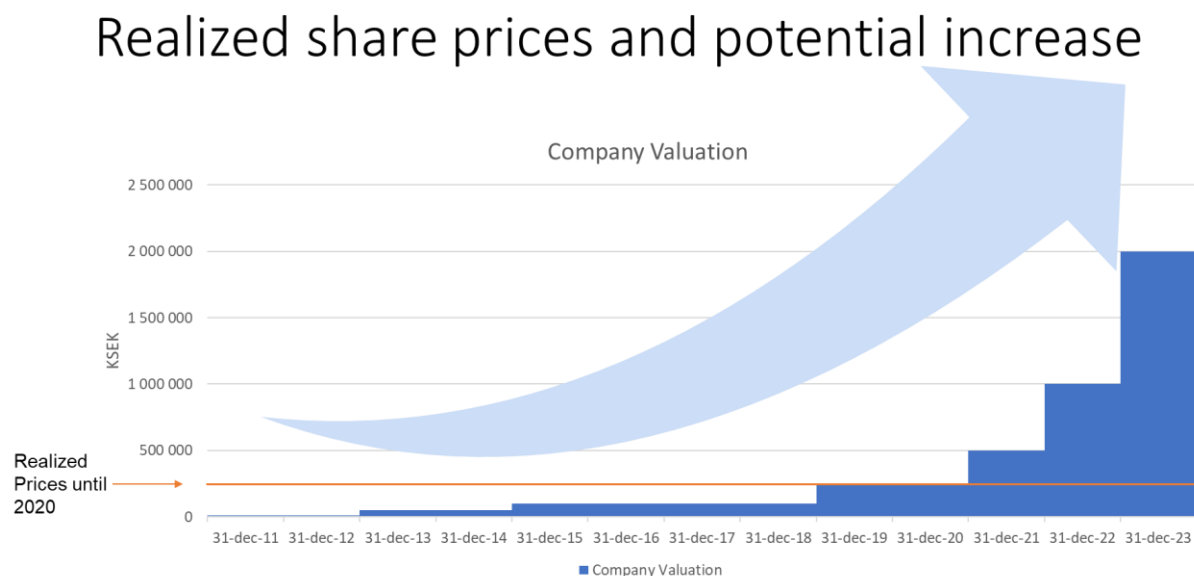
SWESTEP currently engage experienced finance and capital brokers who will be offering capital solutions for a fast, controlled commercialization and international roll-out.

Company Valuation

The valuation is based on a

- pre-commercial investment and transactions realized the past 12 months, a discounted valuation with a substantial increase potential.
- The current valuation, which is defined for the commercial roll-out financing is set to 500 MSEK.
- A valuation based on a conservative 10 year discounted cash flow and a 12% discount rate delivering during 10 years only a part of the current order LOI and prospects, arrives at an equity value of SEK 2.1 Bn.

The valuation on comparable companies in the waste to energy sector is today substantially higher even before full commercialization.



How SWESTEP is securing a successful fund usage

- SWESTEP's plan is capital and cost effective, which is in line with corporate culture (no debt in the balance sheet and low over-head costs).
- SWESTEP has local support in Ljungby, from both municipal authorities and local business (the most entrepreneurial region in Sweden)
- SWESTEP has a dedicated organization in place in Ljungby, with extensive experience from quality engineering and effective mechanical production, waiting to get started
- SWESTEP's plant in Ljungby will produce non-fossil diesel at full capacity, and in addition serve as a center for R&D and an experience center for customers
- SWESTEP's total output of non-fossil diesel from the plant in Ljungby has already been signed up for, by a large customer, i.e. significantly reducing the financial risk

SWESTEP intends to fund global expansion, after establishing the production unit and the SWESTEP plant in Ljungby, by utilizing primarily cash flows from down payments which is required from customers who wants to place a binding order.

OFFER

Price per share	304 SEK
Maximum share issue	32 924 Shares
Capital raised at full issue	10 008 896 SEK
Minimum investment	500 000 SEK

A summary of the capital and voting rights structure before and after the completion of this share placement is as follows. Series A shares hold 1 voting right per share, Series B holds 1/10 voting right per share.

	Nº of shares	Nº of shares	Nº of shares	Nº of votes	Nº of votes	Nº of votes
	Total	Series A	Series B	Total	Series A	Series B
Before issue	823 079	454 681	368 398	491 521	454 681	36 840
Share issue	32 924		32 924	3 292		3 292
After share issue	856 003	454 681	401 322	494 813	454 681	40 132

PREFERENTIAL RIGHTS

Shareholders are entitled to preferential rights in future share issues. Current shareholder Pr-Rights must be exercised by subscribing to shares at the latest on December 29.

EXIT

The intention of the Board of Directors is to establish the reference plant, initiate delivery of commercial plants, build production capacity and organizational structure and grow sales, after which the target is to publicly list the company within a 5 year horizon.

SUBSCRIPTION PERIOD

The deadline for notification of intention to participate in this offer is January 31, 2021.

COSTS INCURRED BY INVESTORS

No costs from the part of SWESTEP are incurred by investors who participate in the offer. Investors carry their own transaction costs.

HOW TO BUY SHARES

1. State the amount to invest or the number of shares you want to acquire.
2. You can email the registration to peter.k@swestep.com
3. You will then receive a sales note to be paid according to the instructions on it.

Stockholm, December 12, 2020

Registration time: December 11, 2020 –
January 31, 2021
Final day of payment: February 5, 2021
No courtage costs

Please send to:

Swestep AB

Att. Peter Kollert

E-mail: peter.k@swestep.com

Notification to acquire shares

The undersigned hereby notifies, in accordance with the terms and conditions in information material published on December 11, 2020 by the Board of Directors of SWESTEP AB ("SWESTEP"), of the acquisition of:

B-shares in SWESTEP at a price of 304 SEK per share (nominal value per share = 0,10 SEK)

For this offer, the following applies:

- The notification is legally binding
- No additions or changes may be made to pre-printed text on the application form
- Incomplete or incorrectly completed application form may be disregarded
- By signing this application form, SWESTEP is authorized to carry out subscription for shares in accordance with the terms in the above-mentioned information material.

A) Allotted shares shall be registered in the name of: (Person or Organization)

.....

B) Person / Organization information (mandatory), please text in capital letters:

Person-/organization registration number

Telephone work hours

Name (Person or Organization)

Address

Postal code

City

Place and date

Signature (Person, Guardian or Signatories)

Name clarification

Disclaimer

This prospectus contains confidential information regarding SWESTEP (the “Company”). By accepting this prospectus the recipient agrees that it will, and will cause its directors, officers, employees, advisors, and other representatives to use this prospectus and any other information supplied by or on behalf of the Company only to evaluate a possible transaction with the Company (The “Transaction”) and for no other purpose, will not divulge or permit others to divulge any such information to any other persons and will not copy or reproduce in whole or in part this Prospectus. The recipient, by acceptance hereof, acknowledges its duty to comply with this Confidentiality Agreement between the recipient and the Company.

The information contained in this prospectus was obtained from the Company and other sources believed by the Company to be reliable. No assurance is given as to the accuracy or completeness of such information. This prospectus does not purport to contain all the information that may be required or desired to evaluate the Company or the Transaction and any recipient hereof should conduct its own independent analysis of the Company and the data contained or referred to herein and the Transaction.

In determining whether or not to proceed with a Transaction, the recipient must rely on their own examination of the Company and the Transaction. Other than CEO Karl-Magnus Mattsson and CFO Peter Kollert, no person has been authorized to give any information or make any representation concerning the Company or the Transaction not contained in this prospectus and, if given or made, such information or representation must not be relied upon as having been authorized by the Company. Statements in this prospectus are made as of the date hereof. The Company undertakes no obligation to update any of the information contained in this Prospectus.

Any statement, estimate or projection as to events that may occur in the future (including, but not limited to, projections of revenue, expenses, and net income) were not prepared with a view toward public disclosure or complying with any official guidelines regarding projected financial information. Such statements, projections and estimates are inherently imprecise and unreliable and the assumptions upon which they are based may prove to be incorrect. There is no guarantee that any of these statements, estimates or projections will be attained. Actual results may vary significantly from these statements, estimates and projections, and such variations may be material and adverse. Recipients should not construe the contents of this prospectus as legal, tax or investment advice.

Recipients should consult their own competent council, accountant, tax, business and other advisors as to legal, accounting, tax, business and other matters concerning the Company or any Transaction. This prospectus does not purport to be all-inclusive or to contain all the information that a recipient may require. Recipients are advised of the need to conduct their own thorough investigation of the Company and its industry.