

2021



Annual Report



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COMPANY INFORMATION

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Legal form: Public limited company

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DEFINITION

"The Company" shall be understood as referring to Advanced Soltech Sweden AB (publ), CIN 559056-8878, listed on Nasdaq First North Growth Market under the ticker ASAB.

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ABOUT THE REPORT

This report summarises the 2021 financial year and constitutes an overview of the business and operations of Advanced Soltech Sweden AB (publ). The Company's annual report is published in Swedish and English. The Swedish edition is legally binding and shall apply in the case of any discrepancies. Unless otherwise stated, all comparisons in the report refer to the same period in the preceding year. All figures are stated in Swedish kronor (SEK), unless otherwise indicated.

This is Advanced Soltech Sweden AB

Green energy for the largest market in the world

Advanced Soltech Sweden AB (publ), (**ASAB**), finances, owns and operates roof-mounted solar energy installations in China. The business was established in 2014 as a joint venture between Soltech Energy Sweden AB and the solar panel manufacturer Advanced Solar Power Hangzhou Inc. In the same year, the first two installations were erected on site in China.

The Company's vision is to accelerate the transition to renewable energy by offering solar energy as a service, with the electricity generated by the installations being sold to customers, rather than the installation itself. The group has 14 employees, of which 4 are employees in the parent company with headquarters in Stockholm. The local operating subsidiaries, Advanced SolTech Renewable Energy (Hangzhou) Co. Ltd (ASRE) and Longrui Solar Energy (Suqian) Co. Ltd (SQ), with ten employees in China, are headquartered in Hangzhou.

The Company's business model is to offer and enter into 20-year contracts with owners of large properties, who undertake to purchase the electricity generated on their roofs for the duration of the contract. By offering solar power as a service, ASAB is attracting interest from new customer segments in the fast-growing renewable energy market in China. The Company's solution offers a simple and attractive alternative to traditional solar energy solutions, where property owners finance, install and maintain their own systems.

On 31 December 2021, ASAB had a portfolio of 145 electricity-generating solar energy installations with a total capacity of 206.5 MW, and the business model has become commercially viable. Per end of March, the installed capacity was 215 MW. ASAB's operations also have an important role in the climate transition. A major share of China's electricity is currently generated by coal-fired power stations, with negative environmental impact. ASAB's solar energy installations generate clean electricity, contributing to a reduction of around 107,000 tonnes in CO₂ emissions in 2021.

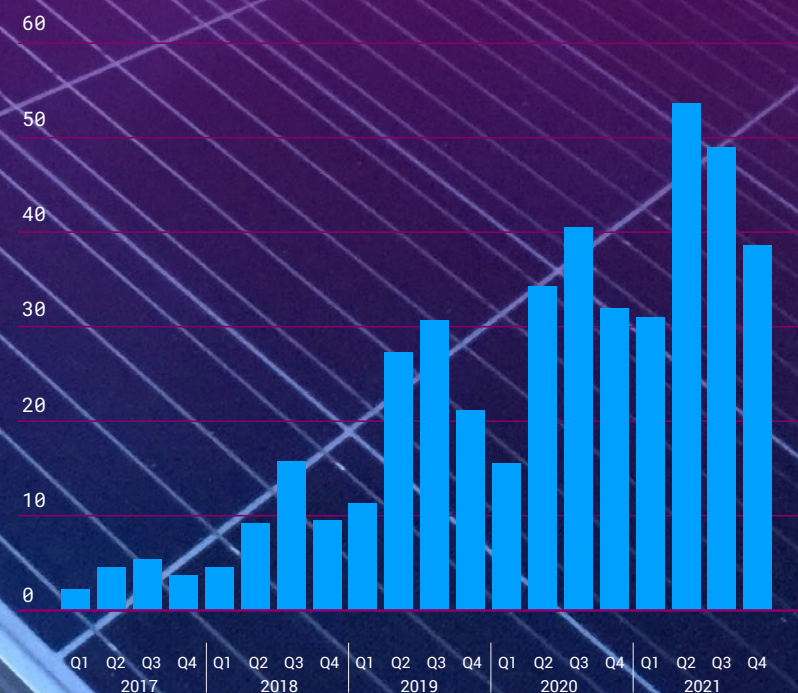
145

electricity-generating solar
energy installations

206.5

total capacity, MW

ASAB – electricity-generated output, millions of kWh



The year in brief

Initial public offering (IPO)

On 29 October 2021, trading in shares in Advanced Soltech Sweden AB commenced on the Nasdaq First North Growth Market. In connection with the IPO, the Company received issue proceeds of SEK 198 million, before deduction of issue costs.

40 contracts

The Company signed 40 contracts representing total installed capacity of 69.6 MW.

Signed orders

At the end of 2021, the Company had 54 MW (38) in signed orders.

Generation

During the year, 172.2 million kWh (122.2) were generated, reducing China's CO₂-related emissions by approximately 107,000 tonnes (76,000). See table showing kWh generated from 2017 to 2021.

Installation

The Company installed a total of 29.9 MW (37.4) of roof-mounted solar energy installations and at year-end had 206.5 MW (176.6) installed, revenue-generating capacity.

New share issue

In connection with a new issue of preference shares, the Company received SEK 71.0 million net, before deduction of issue costs.



"The most influential solar investment company in 2021"

Advanced Soltech awarded prize in China

In the past year, ASAB was awarded a prize in China as **"The most influential solar investment company in 2021"**.

The citation for the award highlighted "the innovative business model that does not take up valuable land, and the high reliability and quality that ASAB delivers in its installations".

The Solar Energy Cup was launched back in 2012 and is regarded as an authority in the Chinese solar energy industry.

Key performance indicators

	01/01/21-31/12/21	01/01/20-31/12/20
Key financial performance indicators		
Net sales as percentage of total income	76%	62%
EBIT	60,674	76,179
EBIT, %	40%	55%
EBITDA	110,759	115,251
EBITDA, %	72%	83%
Recognition of amortised borrowing costs	26,800	22,945
Interest costs	87,085	85,656
Basic earnings per share for the period, SEK	0.67	-4.97
Diluted earnings per share for the period, SEK	0.66	-4.97
Key operational performance indicators		
Electricity generated, kWh millions	172	122
Decrease in CO ₂ -related emissions, tonnes	107,000	76,000
	31/12/2021	31/12/2020
Key financial performance indicators		
Interest-bearing debt	1,031,130	977,322
Interest-bearing net debt	870,406	903,997
Equity/assets ratio	28%	16%
Key operational performance indicators		
Installed capacity, MW	206.5	176.6
Average remaining contract length, years	17.9	17.8
Signed contracts, MW	54	38

60,674
EBIT, SEK thousands

172
Electricity generated, kWh millions

28%
Equity/assets ratio

Comments from the CEO

The year 2021 was characterised by growth:

ASAB is now well equipped to achieve its goals

Looking back on 2021, it was an eventful year which, despite an ongoing global pandemic, was marked by strong growth. On October 29, we listed ASAB on the First North Growth Market. The purpose of the listing was to enable even faster growth so that we can reach our goal of 1,000 MW of installed capacity before the end of 2024.

Over the year, the Company expanded its installed base from 176.6 MW to 206.5 MW, an increase of 17 percent. Electricity generated totalled 172 million kWh, an increase of 41 percent compared with the preceding year. Net sales – sales of electricity to our customers and the grid – rose to SEK 117 million from SEK 86 million in the preceding year, an increase of 36 percent.

Security situation in Europe

Russia's invasion of Ukraine will have consequences for the whole world, but we see no direct impact on our operations in China. The sharp rise in energy prices in connection with the unrest will in all probability accelerate the expansion of renewable energy. In addition to the important climate benefits of renewable energy, the unrest also raises other arguments



"In 2021, we reduced our emissions of carbon dioxide in China by 107,000 tonnes".

Max Metelius, CEO

Comments from the CEO

such as energy security and resilience, which means an energy mix that is diversified and makes the energy system independent of events in the outside world. Our assessment is that solar energy will be an important tool for achieving a resilient energy system.

The COVID situation in China

The recent deteriorating situation regarding COVID has had a negative effect on our operations. The pandemic and restrictions reduce the amount of energy we sell to customers and increase the proportion we sell to the grid and delay our construction processes. It also has a general negative effect on the Chinese economy. At this point, we consider the effects to be moderate.

ASAB helping the climate

In August, the UN's Intergovernmental Panel on Climate Change (IPCC) released an alarming report, which concluded that saving the climate will require major efforts and sacrifices. China has adopted its "30–60 Target", which calls for greenhouse gas emissions to fall from 2030 and for the country to be climate neutral by 2060. Achieving this will require huge investments in renewable energy, which will, in no small measure, affect the market in which we are active. In 2021, we reduced our emissions of carbon dioxide in China by 107,000 tonnes. The reason for this major reduction is that we are replacing the coal-based electricity mix in China with solar energy, which delivers a very high output per SEK invested.

We are also helping to reduce emissions of the local air pollutants produced by combustion processes that create the haze typical of many Chinese cities. This type of emission

"Advanced Soltech has a major advantage over our new competitors, as we have already built more than 140 plants"

causes a large number of deaths through, for example, respiratory diseases. In 2021, we reduced emissions of carbon particles by 46,800 tonnes, sulphur compounds by 5,200 tonnes and nitrogen oxides by 2,600 tonnes. In other words, we are contributing, both globally and locally, in a very effective way to an improved environment.

In the EU, common rules for sustainability reporting – referred to as the EU Taxonomy Regulation – were introduced at the start of 2021. Our activities meet the requirements of the taxonomy regulation in all material respects. For example, what constitutes the Company's net sales is one hundred percent within the regulatory framework. We believe this will positively impact on interest in investing in ASAB, as well as the previously mentioned energy security.

Growing market

The market in which we operate is growing rapidly and many new players are entering. Advanced Soltech has a major advantage over our new competitors, as we have already built more than 140 installations. This has given us knowledge and experience and is creating confidence on the part of potential new customers. Although competition is growing, we do not feel that this is limiting our opportunities for expansion.

In 2021, subsidies for solar energy were officially abolished in China, but in practice solar energy has not received any new subsidies since early 2020 and none of the facilities built in 2021 has any dependence upon subsidies. Abolition of subsidies is a logical step, as solar energy is currently profitable enough without subsidies. Profitability and potential for expansion was also confirmed in the UN's International Energy Agency's (IEA) report on solar energy, which states that "Solar is the new king of energy markets" and that solar energy is an indispensable part of the transition to a fossil-free society.

China also issued a directive on the expansion of rooftop solar energy, setting targets for the proportion of available rooftops for commercial, industrial and public buildings to be covered by solar cells. The directive creates strong incentives for the continued expansion of rooftop solar energy.

In the autumn, the economic recovery created problems in the electricity supply, with rationing and, in some cases, periods of shut-downs of some electricity-intensive industries as a consequence. One contributing factor was rising coal prices, which made it unprofitable to generate electricity at prevailing electricity prices. Our judgement is that this will create upward pressure on electricity prices, as well as a willingness on the part of industrial players

to expand rooftop solar energy to improve their electricity supply options.

During the year, we took on 70 MW of new business and at year-end had 54 MW in signed contracts, 125 MW in deals in progress and 705 MW in framework agreements.

A stronger company

During the year, we undertook a thorough review of the Company as part of the listing process. We also took the decision to implement a new ERP system, which is expected to be in place in the first half of 2022.

Prior to the Company's listing, a pre-IPO placement of SEK 71 million in preference shares was carried out, which were converted into ordinary shares at listing. Through the listing, we issued shares to a value of SEK 198 million and also acquired the Brandberg family and The World We Want Foundation as shareholders in the Company. Both are proven to be highly skilled and value-driven investors, which makes an excellent fit for us. Our main shareholders did not sell any shares at the listing and remain long-term owners with ambitions to develop the Company.

Platform for growth

With the listing in place, our next major effort is to create a platform for financing our growth in the rooftop solar energy sector. Given the strong demand and the potential for a better financing structure, we look to the future with confidence. In an insecure world, ASAB is well equipped to achieve its goals.

Max Metelius
CEO

Market and trends



The largest electricity market in the world

The Chinese electricity market is the largest in the world. In 2019, global electricity generation totalled 27,005 terawatt hours (TWh), of which China accounted for 7,540 TWh (28 percent), while North America, the second largest region, accounted for 5,426 TWh (20 percent). Between 2009 and 2019, global electricity generation increased by 33 percent. In China, electricity generation increased by 101 percent.

China to account for 30 percent of total world electricity generation

By 2040, global electricity generation is expected to rise to just over 40,000 TWh, with China accounting for 12,000 TWh, or 30 percent of total world generation. Growth in distributed solar energy installations, the sector in which ASAB operates, averaged 79 percent annually in the period 2015 to 2019. In 2019 alone, China added 30 GW of installed solar energy capacity, compared to North America and the EU, which installed 11 and 15 GW, respectively.

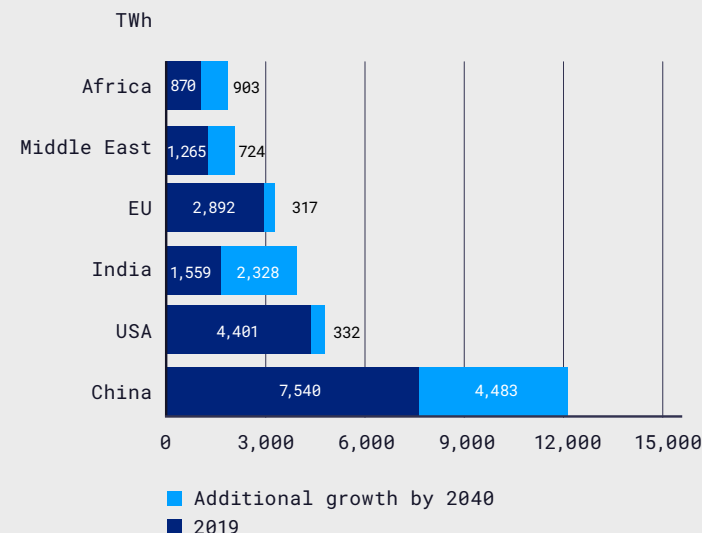
The background to this increase in electricity generation is China's rapid and dynamic economic development and industrialisation in

recent decades, development that requires huge volumes of electricity and that is overwhelmingly – more than 60 percent – generated with coal. Today, China is the world's biggest emitter of greenhouse gases and it is also a country that faces major challenges in terms of health and environmental problems arising from widespread air pollution, and not just in the big cities.

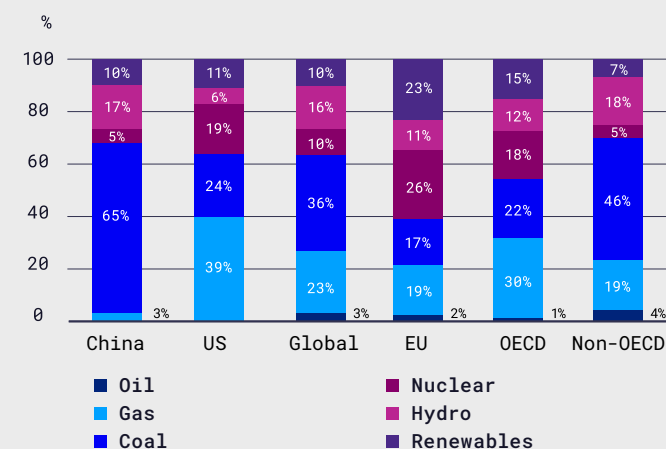
One of the main factors driving the advance of the alternative energy market in China is a growing awareness of and consensus on environmental and climate challenges. Over time, China's political leadership has also taken several decisions to reduce its dependence on coal. The "30–60 Target" requires carbon dioxide emissions to start to fall from 2030 and for the country to be completely climate neutral by 2060. In June 2021, a directive was issued by the Chinese Energy Regulatory Commission stating the aim that no less than 50 percent of the available roof area of buildings with government activities should be covered with solar panels. For public buildings, such as schools and hospitals, the corresponding target is no less than 40 percent and for commercial and industrial buildings no less than 30 percent.

At the same time, continued GDP growth and rapid urbanisation are driving demands for increased electrification, and fuelling demand

Estimated global market growth 2019–2040



Regional electricity generation by fuel type



Estimated growth in volume, electricity prices and market size



Solar energy installations may be divided into two categories:

Centralised solar energy systems

are large-scale and usually located in remote areas. They generate large volumes of electricity that is fed into the grid.

Distributed solar energy systems

like ASAB's, generate electricity close to where they are used and can be rooftop- or ground-based. ASAB operates exclusively with roof-based systems.



for renewable energy solutions. One such solution is solar energy, and the fact that new technology is bringing down the cost of solar energy generation has led to increased market demand. As a result, subsidies previously used to make solar energy solutions profitable started to be phased out in 2019 and disappeared altogether in 2021. The consequence for solar energy generators is that the share of revenues from customers is rising, while revenues from subsidies are gradually falling. This is because new projects do not receive subsidies, while subsidies for existing projects remain.

Competition

There are currently few electricity generators specialising in solar energy systems with PPAs similar to those offered by ASAB. One possible explanation for this is the lack of funding options, which makes it difficult for local dealers to take advantage of opportunities and secure reference projects for further sales work. Apart from ASAB, Asia Clean Capital is a pure PPA-based electricity generator with a large project portfolio. Another player is GCL New Energy, which is more focused on ground-based systems. Many major energy companies base their operations on large-scale

centralised plants, but companies such as Électricité de France, Total, State Power Investment Corporation and China Datang Corporation have increased their activity.

Outlook

In 2019, 60 percent of China's population lived in cities; by 2030, the figure is expected to rise to 70 percent, more than a billion people. Continued industrialisation and urbanisation, coupled with demands for increased prosperity, are expected for the foreseeable future to continue to drive demand for electricity in general and

for sustainable urban electricity solutions in particular. The trend is also being driven by the growing interest in electric vehicles of various types. To companies that, like ASAB, specialise in distributed solar energy systems, the bottleneck to further development is not a lack of real demand or technical capability, but rather the availability of capital to finance new projects. The greatest demand for electric power is in China's eastern coastal provinces of Guangdong, Zhejiang and Jiangsu, where more than 60 percent of the country's manufacturing takes place and where the largest cities are located.

Vision, mission, business model and goals

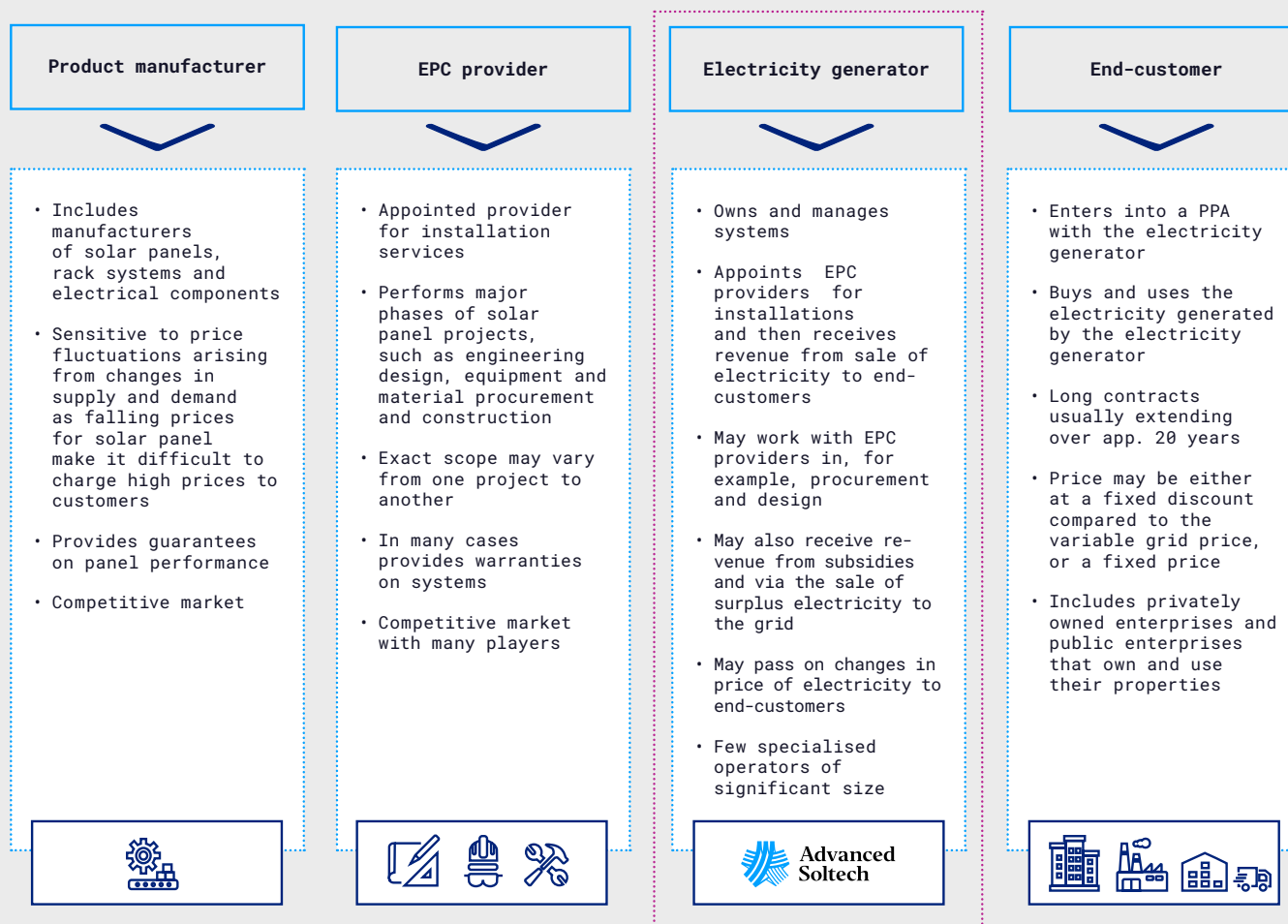
Vision

ASAB's founding aim was to accelerate the transition to renewable energy in China by offering electricity generated from solar energy as a service. The Company's vision is to become a driving force in sustainable power generation to secure a better future for the planet and future generations.

Mission

ASAB's mission is to finance, install, own and operate solar energy installations to generate electricity on customers' roofs and then sell the electricity generated to the customer, the company that conducts operations in the building. ASAB will offer customers in industry, commerce and public administration an easy way to replace a significant part of their electricity consumption with locally generated solar energy at a discounted price compared to the grid price. The systems are installed through a local network of installers and dealers in China. Operations are financed via ASAB.

Solar energy industry's value chain



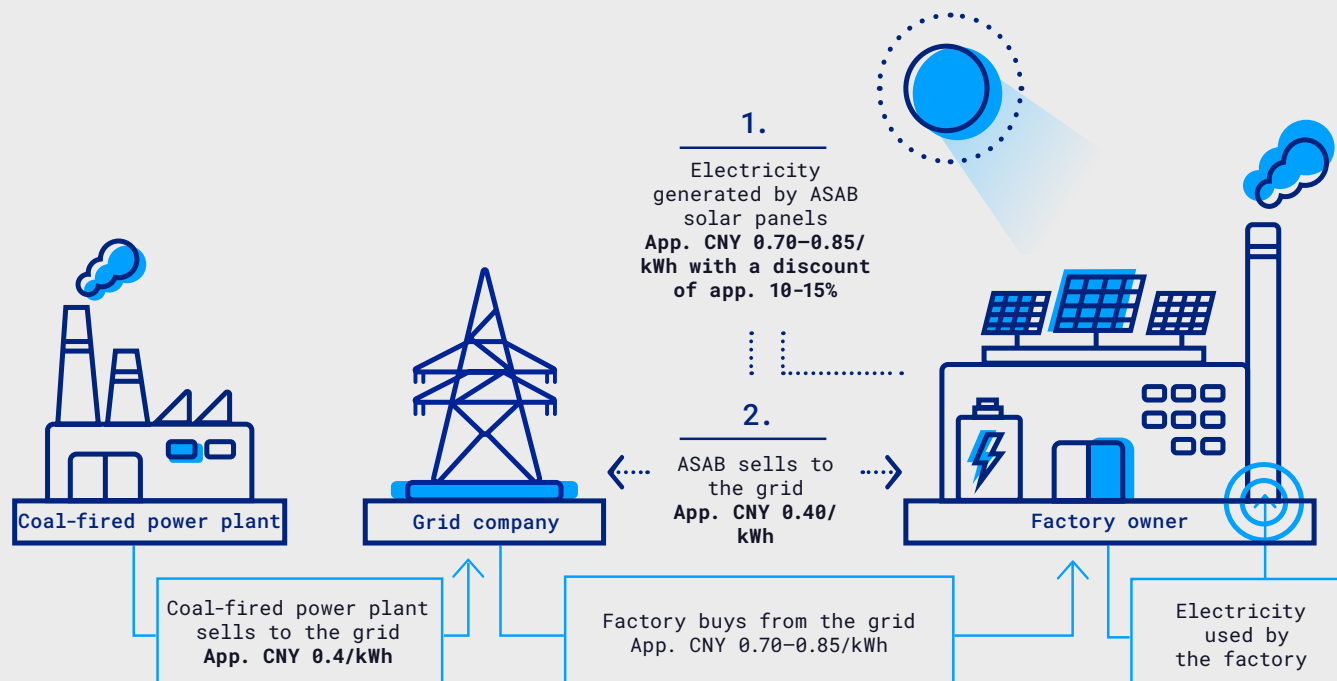
Business model

Customers, who are owners of large properties, enter into 20-year contracts with ASAB, whereby the customer commits to buy, at a pre-agreed price, the electricity generated by the system. Electricity purchased from ASAB's system is priced at a discount of approximately 10–15 percent compared to the price the customer pays for electricity from the grid. The electricity that the customer does not buy is sold to the grid, ensuring an almost 100 percent uptake of the electricity generated by ASAB's projects.


On expiry of the 20-year contract period, the contract is automatically extended by five years, unless the customer chooses to terminate the contract and requests to discontinue occupancy. The customer may also purchase the system at a pre-agreed price. If a property where the system is installed is sold during the contract period, the customer must either buy the system from ASAB or, subject to ASAB's approval, ensure that the new property owner takes over the contract.

Subsidies from government agencies* are a further source of income for ASAB. The amount of subsidy for a particular project is determined before the construction of the solar energy system, when the local grid operator evaluates the project design. The commitment of the authorities to pay subsidies consists of a fixed amount in CNY per kWh generated over a fixed number of years. The duration of the subsidies varies between two and 20 years, depending on whether the subsidies come from the district and city level or from state or regional level.

*In April 2021, new rules came into force under which no new installations will receive subsidies. This was an expected development, as the systems are currently showing a good return without subsidies. Subsidies previously awarded remain in place for the duration of the contract.



1. ASAB sells electricity generated by solar cells installed at the customer's/owner's property, at a discount of app. 10–15% to the price the customer pays to the grid.
2. If the customer/factory owner does not buy all the electricity generated by ASAB's solar panels, ASAB sells it to the grid.

 ASAB owns the solar panels.

Strategy

Advanced Soltech's ambition is to help improve the climate and deliver value to shareholders and customers. To achieve this, ASAB has chosen the following strategies.

Sales

ASAB today has an efficient structure with a large network of dealers who deliver potential projects that ASAB can enhance and develop. In addition, ASAB intends, to a greater extent than before, to supplement its network by making use of previously entered into framework agreements that are currently considered to offer good prospects of generating new systems. ASAB is also reviewing opportunities to acquire entire portfolios of existing projects, provided that they meet the Company's high standards of quality and profitability.

Operating activities

In its operating activities, ASAB will focus actively on developing control and quality, reducing risk and improving profitability. Control and quality will be developed through implementation of a new ERP system, as well as through a review of the Company's PPAs. Profitability will be improved as ASAB grows and in so doing gains a more advantageous negotiating position in procurement. ASAB is also engaged in an ongoing evaluation of an expanded offering with new products. The most immediate priorities are storage capacity and façade-integrated solar panels.

Financing

The listing of the ASAB share in autumn 2021 was the first and most important step in the process of creating a profitable and fast-growing company, with the ability to seize new business opportunities. Financing issues have been a bottleneck for the Company's expansion in the past, and against that background ASAB is developing a new capital structure with the intention of creating better conditions, greater flexibility and reduced risk. The next step is to replace the current bond loans with a suitable combination of local bank loans and local project financing in China, as well as new loans and equity from the listed company in Sweden. The market has matured very rapidly and ASAB is now facing strong interest from capital market players as regards financing growth on the terms necessary for ASAB to achieve its goals.

Goals

1,000 MW

Installed capacity

ASAB aims to have an installed solar capacity of 1,000 MW by the end of 2024.

12–15%

Project returns

ASAB's goal is to execute projects with expected gross returns of 12-15% on the investment in the solar energy system.

25%

Capital structure

ASAB's goal is to have a minimum equity ratio of 25% on a rolling twelve-month basis.





“In China, there’s a huge demand for energy and ASAB’s solution of solar energy installations on factory roofs is elegant...”

Catalytic capital can drive development

Paul Leander Engström

The World We Want:

“The World We Want has worked with solar power projects in the past, in both India and Africa, but it proved difficult and time-consuming to get the small village power projects to grow and function as intended. Advanced Soltech is much further ahead in its operations, already having solar energy installations with a total capacity of 200 MW and also has set itself an ambitious goal of achieving an installed capacity of 1,000 MW in the fairly near future, which makes it much less risky for us as investors.”

So says Paul Leander Engström who, since ASAB’s listing on Nasdaq First North Growth Market, has been one of ASAB’s new shareholders through his foundation The World We Want (3W).

In the 1990s, Paul was involved in building up the Russian business of the Brunswick Group investment bank. He also co-founded the fund management firm Prosperity Capital Management, which for a number of years was the world’s largest manager of Russian equities. Today, he devotes his time to the Foundation, which he founded in 2005, with the aim of supporting and encouraging innovative solutions to reduce poverty and environmental impact. The focus has been on projects in African countries, such as Congo and Kenya, but also in India and Haiti. Now, the Foundation’s interest in China is also growing.

“In China, there’s a huge demand for energy and ASAB’s solution of solar energy installations on factory roofs is elegant, not least because they do not encroach on land that can be used to grow food. We know that cultivatable land may become scarce in the future, even in Sweden. If The World We Want can provide what we call ‘catalytic capital’ to help drive development in China and reduce air pollution, it makes sense for the Foundation to invest”, says Paul Leander Engström.

“In my experience, there are problems in taking on a high level of technical risk, as we did in Africa, where both physical and cultural distances are often considerable. It’s simpler in China, not least thanks to ASAB’s Swedish connection. China is problematic in many ways, but projects exist and new ones are in progress. What’s been lacking so far is a capital structure that allows for continued growth and provides better resilience to volatility. And capital structure in particular is something that ASAB has worked on a lot over the past year. A good capital structure offers better borrowing opportunities and I’m convinced that if ASAB continues to grow, there’s a good likelihood of raising capital, not only from Swedish investors who see ASAB as an interesting option, but also from Chinese stakeholders. And if, with The World We Want, we can be a catalyst for such a development, it’s of course a winner for all parties”, says Paul Leander Engström.

Operations



Advanced Soltech's operations

ASAB's operations are managed from its headquarters in Stockholm, while local operating companies ASRE and SQ are headquartered in Hangzhou. Advanced Soltech Sweden AB's market is entirely in China, but primarily in the country's eastern regions, which are also the most industrialized. When ASAB assesses which regions it should be present in, three main factors are taken into account: solar radiation, the local electricity price and the customer base. The eastern regions show a good mix of these factors.

Solar-as-a-Service

ASAB's business is based on the concept of Solar-as-a-Service, in which the Company offers solar energy as a service by financing and operating solar energy installations on customers' roofs. With ASAB's offering, the customer does not pay for the solar energy system, or its maintenance. Instead of paying for the system, the customer commits to buying the electricity generated by it for 20 to 25 years. The electricity is sold to the customer at a discount of 10-15 percent to the price the customer pays for electricity from the grid. Customers get cheaper

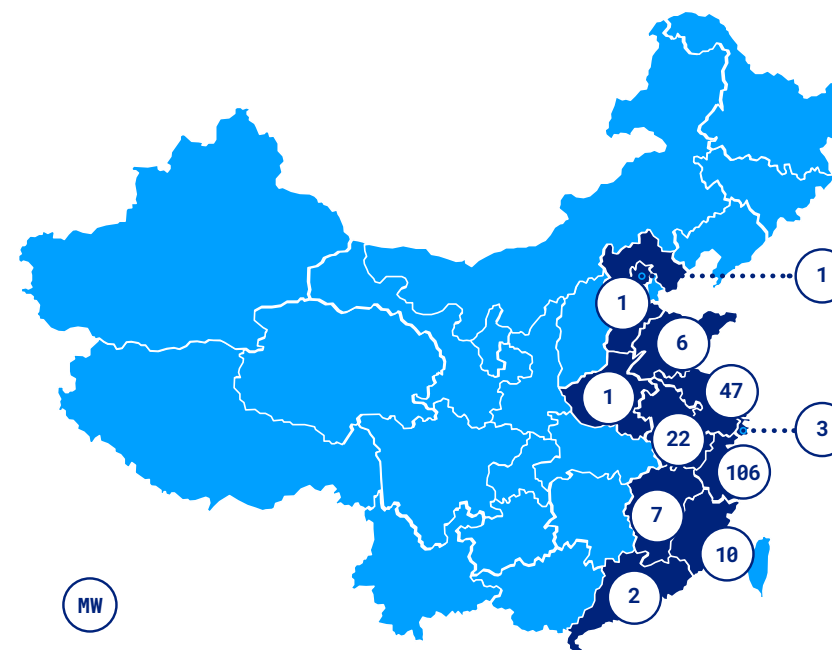
electricity with a lower environmental impact, while creating an image linked to sustainable development. In return, ASAB receives a long-term, predictable cash flow.

If, for some reason, the customer cannot, or does not want to, use the electricity generated, ASAB can sell it to the grid. This means that all the electricity generated by ASAB's plants will be sold. For installations, ASAB uses only third-party suppliers, which helps to limit project risk, keeps operating costs low and allows ASAB to focus on its key role in the value chain, i.e. financing the installations and selling the electricity they generate.

Over time, China's political leadership has taken several decisions to reduce the country's dependence on coal, a resource that today accounts for more than 60 percent of electricity generation. The "30–60 Target" requires carbon dioxide emissions to start to fall from 2030 and for the country to be completely climate neutral by 2060. An important part of the transition to climate neutrality is likely to be based on solar energy.

The practical details of how China will implement the directive issued by the Chinese Energy Regulatory Commission requiring a sharp increase in the use of solar cells on mainly government and public buildings are still unclear, but the market in general takes the view that the directive is very positive for the solar energy sector.

ASAB's installed capacity, 2021



ASAB notes that, with the rapid pace of development, both foreign and Chinese investors have begun to take an interest in the business model for roof-based solar energy that ASAB is able to offer. In addition, ASAB has advantages in the form of an established organisation highly trusted by its customers, as well as a large number of already installed solar energy installations.

ASAB and its customers

ASAB's customers operate in a wide range of industries, from automotive and textile manufacturing to brewing, as well as in state-owned enterprises. Overall, more than 80 percent of customers operate in the private sector. What they have in common is that they are large

organisations with a large number of employees. A customer base of predominantly large customers, also diversified across different sectors, offers long-term stability to ASAB's business.

ASAB's customers must have access to large unencumbered roof areas, as a solar energy installation occupies an average of around 15,000 square metres. Today, those of ASAB's customers with the largest installed capacity today are geographically located in China's eastern provinces. They operate mainly in the machine manufacturing and basic industry sectors and have 100 to 500 employees.

The reason why customers choose Advanced Soltech is that they obtain access to green electricity via a simple system and at a lower price

than when they buy from the grid. Today, the Company has 145 customers, which means that the counterparty risk is highly diversified. This sets ASAB apart from similar companies that sell to the public grid and thus have a weaker bargaining position.

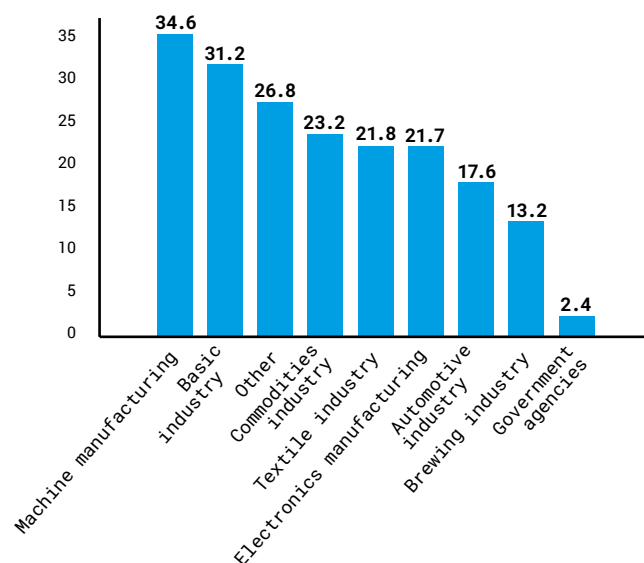
Outlook

The rapid industrialisation and urbanisation taking place in China, alongside the transition to alternative energy sources, provides ASAB, which has proven experience in identifying suitable solar energy projects and efficient installation methods, with good opportunities for further profitable development. The risks present in the market are mainly associated with the fact that the infrastructure, including electricity

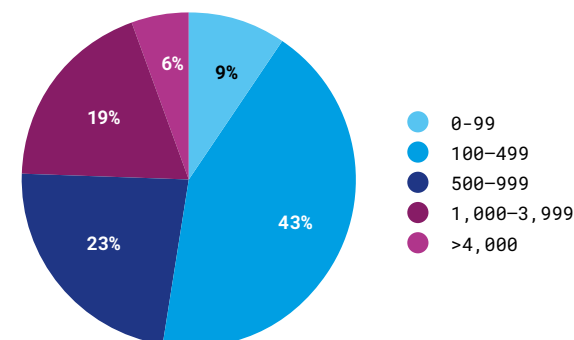
generation, is highly regulated and dependent on permits and ultimately political decisions.

ASAB has several potential growth opportunities in addition to new sales. Upselling to existing customers, where ASAB can, via an expanded product offering, cover an even larger share of the customer's electricity consumption than the current target of ten to 30 percent, is one possibility. One example could be to include battery systems to store surplus electricity. Another could be to enter into partnerships with construction companies and property owners to gain access to façade and roof installations, where ASAB's systems could become both part of a building and a solar energy solution.

Installed capacity per sector



ASAB's customers, by number of employees





“Advanced Soltech provides us with a fantastic service, in terms of both quality and economy.”

Successful project in Wuhu

Reduced emissions and lower costs for the customer

Wang PingJun

AnHui Weizhi Logistics Equipment:

“Our partnership with Advanced Soltech provides us with large volumes of green electricity, without any investment costs. We also save more than CNY 110,000 a year through a discounted electricity price. In addition, we show that we are a company that wants to continue to develop in a green and sustainable way”, says Wang PingJun, Production Manager at AnHui Weizhi Logistics Equipment Co. Ltd.

The company, which manufactures logistics equipment and employs 94 people, is based in Wuhu, a city with a population of three and a half million by the Yangtze River, in the eastern Chinese province of Anhui. On 21 November 2021, the technicians connected the solar cell installation, built by Advanced Soltech on the company's roof, to the local electricity grid. Since then, a total of 8,000 square metres of solar cells with a total capacity of 653 kW per year have been supplying the company with the electrical power used for production.

The annual electricity generated by the system is estimated at more than 700 MWh. From an environmental perspective, the addition means that AnHui Weizhi Logistics Equipment's CO2 equivalent emissions will be reduced by around 480 tonnes per year through the use of clean solar energy, while the company will save significant amounts of money thanks to its reduced electricity costs.

“AnHui Weizhi Logistics Equipment has access to a very large area of roof space on its property, so the installation was easy. The price of electricity in Anhui province is relatively high, but at the same time the level of solar radiation is high, which favours the generation of electricity. In addition, the customer has a thriving business and can use most of the electricity generated by the installation. The project is creating value for the customer, us and the climate”, says Gang Bao, CEO of ASAB's subsidiary Advanced Soltech Renewable Energy.

Sustainability

ASAB is making a contribution to reducing emission levels in China

With its vision to accelerate China's transition to renewable energy consumption and ASAB's practical operations locally, the Company is helping directly to reduce current emission levels in China, as well as – more long-term and indirectly – to drive the ongoing climate transition and thus create major environmental benefits. China is now, by a wide margin, the world's largest emitter of greenhouse gases, with levels higher than those of the US and EU combined. The country also faces acute challenges in the form of air pollution from dirty industries and coal-fired power plants.

In a comparison between the Nordic countries and China, China's electricity generation currently produces 670 grams of carbon dioxide equivalent per kWh, compared to 55 from the Nordic countries. This means that emissions

are twelve times higher in China than in the Nordic countries. Replacing one kWh from the grid with one kWh from solar electricity in the Nordics results in an average emission saving of seven grams; the equivalent replacement in China provides a saving of 622 grams of carbon dioxide equivalent - over 80 times more than in the Nordics.

In 2021 alone, ASAB installed solar energy systems with a total capacity of 29.9 MW. This means that since its inception in 2015, ASAB has installed systems with a total capacity of 206 MW. During 2021, the systems together generated 172 million kWh, reducing China's CO₂-related emissions by approximately 107,000 tonnes.

The EU's Taxonomy Regulation

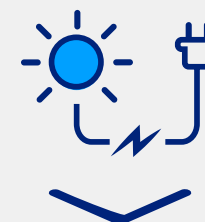
The EU's Taxonomy Regulation is a framework for deciding which economic activities should be considered environmentally sustainable. The aim of the regulation is to help investors identify and compare environmentally sustainable investments via a common classification system.



Reduced air pollution through solar energy system:

172 million kWh

Renewable electricity



46,800 tonnes
Fewer carbon particles

5,200 tonnes
Fewer sulphur particles

2,600 tonnes
Fewer nitrogen oxides

In order to achieve the EU's climate goals and the objectives of the EU's Green Deal, investments need to be steered more in the direction of sustainable projects and businesses. A fundamental condition for this is that investors, companies and decision-makers must be able to identify and compare investments based on common definitions of what is sustainable. The establishment of a classification system for environmentally sustainable activities – a green taxonomy – is therefore a key stage under the EU Action Plan for Financing Sustainable Growth.

For a particular economic activity to be classified as environmentally sustainable, it must contribute significantly to one or more of the six identified environmental objectives, not cause significant damage to any of the other objectives and meet certain minimum sustainability requirements.

ASAB's starting point is that its activities are compatible with the EU's taxonomy, as it operates in an area that contributes significantly to climate change mitigation – one of the six identified environmental objectives of the EU.

	Total, SEK 000	Share of taxonomy- eligible economic activities (%)	Share of non- taxonomy- eligible economic activities (%)
Net sales	117,350	100.0%	0.0%
Capex	296,291	99.6%	0.4%
Opex	92,853	16.6%	83.4%

Environmental sustainability

ASAB offers environmentally friendly products and services that are produced with the minimum possible resource and energy consumption and that have low environmental impact. All solar cells used by ASAB are collected for recycling at end-of-life. Intelligent resource management is a key focus within the Company and close attention is paid to efficient use of resources, whether energy consumption, use of premises, waste, travel or transport. ASAB operates systematically and prevents pollution via goal-focused environmental management that is an integral part of the Company's culture. Current environmental requirements, together with environmental aspects and environmental goals, are the basis on which we work.

Financial sustainability

Limiting global warming requires a global shift to a less fossil-fuel based economy. Achieving the goals of the Paris Agreement, which calls for limiting the increase in global temperature to below 1.5–2 degrees Celsius compared to pre-industrial levels, is primarily the responsibility of each country. But the financial system also has an important role to play in the climate transition. A large amount of capital and new financial products and instruments will be needed to finance the transition. Capital must be directed to initiatives that support a transition to a less fossil-based economy, away from oil, coal and gas, for example, and towards fossil-free alternatives, such as solar and wind energy. Green bonds are an example of a financial instrument that allows investors in the fixed-income market to switch their capital to investments that can contribute to the transition.

ASAB's green bonds

Historically, ASAB's Swedish operations have focused on issuing green bonds in Sweden, bonds that are then used to finance solar energy installations in China. Today, three such bonds have currently been issued, of up to SEK 300 million each – SOLT2, SOLT3 and SOLT4, plus the SOLT5 variable-rate bond, within a limit of up to SEK 1,500 million.

Social sustainability

Stakeholders and partners

ASAB shall safeguard the integrity of the Company's stakeholders and partners and handles information such that it is protected and managed in a responsible manner. The Company has a clear focus on sustainability and its partners are expected to share the Company's values and observe its Code of Conduct.

Employees

Employees represent one of the Company's most important assets. It is through the commitment and competence of our employees that ASAB can create a culture where they and our partners can thrive. ASAB strives to provide the best possible working climate and work environment for all employees, and in its role as an employer, the Company takes responsibility by offering all employees work in which they can develop and take responsibility. Diversity is a force for enrichment and we therefore work actively on diversity and gender equality issues. The Company supports and observes the principles of the UN Global Compact initiative.



Employees in China



“The challenges at ASAB are exciting and it feels great to be part of the Company’s journey.”

The challenges facing ASAB are exciting

Cecilia Xia

General Counsel, Advanced Soltech:

“ASAB is a Swedish public limited company with operations in China. Through our listing in the autumn, we’ve become a more established company, while retaining the feel of a start-up, as we’re a small organisation in terms of number of employees.”

So says Cecilia Xia, who has been employed as ASAB’s General Counsel, serving as a member of the management team since the beginning of 2021. Cecilia is responsible for handling all legal issues related to the Group and its operations. These include covers finance and compliance, as well as issues related to the operational activities of ASAB’s Chinese subsidiaries. Different cultures and legal systems have to be reconciled, while the Company is at the same time expanding at a rapid pace and practical issues have to be resolved. So it is an advantage that Cecilia is fluent in Swedish, Mandarin and English.

“I was born in Sweden with Chinese parents, so I grew up with Swedish around me, while we speak Mandarin at home. I’ve studied in China and lived there for periods, so I’ve a strong relationship with the country”, says Cecilia, who after studying law in Uppsala, worked at the Setterwalls Advokatbyrå in Stockholm on mergers

and acquisitions, venture capital and corporate law for Swedish and international companies.

“I very much enjoyed my time at Setterwalls and learned a lot in my role as a lawyer. Having worked with many different clients and on complex issues, I’m used to quickly taking on new challenges and issues. My work at ASAB mainly involves project management and coordination of different work streams, as well as identifying risks and finding pragmatic solutions. For example, I led the legal work on ASAB’s IPO”.

“The challenges at ASAB are exciting and it feels great to be part of the Company’s journey. Because we’re a small and rapidly expanding organisation, I get to be involved in all strategic decisions and at the same time I’m involved in the day-to-day work. It allows me to grow in my role and contribute more to ASAB’s development”.

Next, Cecilia hopes to go to China soon to meet her colleagues there and visit some of ASAB’s facilities, something that has been impossible so far due to the Covid-19 restrictions.

Corporate governance

Board of Directors



Fredric Telander

Working Chairman of the Board

Born in 1964.

Working Chairman of the Board since 2020. Board member since 2016.

Experience: Former partner in EIG Venture Capital Ltd, an investment company focused on clean tech investments. During the 2001–2008 period, Fredric took a prominent role in the expansion of the Gas Turbine Efficiency Group and the listing process for the company on the London Stock Exchange's AIM list in 2005. During the 2007–2009 and 2018–2020 periods, Fredric was Chairman of the Board of SolTech Energy Sweden AB (publ), and in the 2009–2018 period Fredric was CEO and took a leading role in the listing process for Soltech Energy on First North at Nasdaq Stockholm in 2015.

Education: University studies in business administration.

Other current assignments: Board member of Sactum AB.

Holding in Company: 10,004 shares via companies. 406,849 warrants.

Independent: Not independent in relation to the Company and Executive Management. Not independent in relation to the Company's major shareholders.



Stefan Ölander

Board member

Born in 1964.

Board member since 2016.

Experience: Head of Communications at SEB and Kinnevik. Founder of Rewir, Sweden's leading branding agency in the 2000s, sold to Intellecta in 2016. CEO and Chairman of the Board of Swedish and Danish companies in the Intellecta Group. Stefan has served as both CEO and Chairman of the Board of Zacco for various periods.

Education: Upper secondary school Economics.

Other current assignments: CEO and Board member of SolTech Energy Sweden AB (publ). Chairman of the Board of Directors of all subsidiaries of Soltech Energy. CEO and Board member of Territorium AB and Ölander Invest AB. Board member of SEPSSOLT AB, Galileus AB and Zacco AS.

Holding in Company: 2,581 shares.

Independent: Not independent in relation to the Company and Executive Management. Not independent in relation to the Company's major shareholders.



Ben Wu

Board member

Born in 1973.

Board member since 2016.

Experience: Ben is founder and CEO of thin-film manufacturer Advanced Solar Power Hangzhou, which he founded with his father in 2008. Ben was CEO of Advanced SolTech Renewable Energy until 2020. Previously, Ben had an extensive career in business development and finance, including as a management consultant with McKinsey in 2004–2006 and as an analyst with Himalaya Capital in 2002–2004. Before founding Advanced Solar Power Hangzhou, Ben held a prominent role at Lenovo, 2007–2008, whose investment company also became the first external investor in Advanced Solar Power.

Education: MBA Finance and Marketing, Columbia Business School. M.Sc. and B.Sc. in Mathematics and Computer Science, Colorado School of Mines.

Other current assignments

CEO, Advanced Solar Power (Hangzhou) Inc. Board member of Advanced Solar Power (Hong Kong) Limited, Advanced Solar Power Cayman Limited and HuBei KaiLong Longyan Energy Technology Co. Ltd. Executive Partner in Hangzhou Shengri Enterprise Management Consulting Partnership (Limited Partnership), Hangzhou Dingxi Enterprise Management Consulting Partnership (Limited Partnership) and Jiayun Xuanyi (Hangzhou) Enterprise Management Consulting Co. Ltd.

Holding in Company: 0 shares. 406,849 warrants.

Independent: Not independent in relation to the Company and Executive Management. Not independent in relation to the Company's major shareholders.

Board of Directors



Gang Bao

Board member

Born in 1969.

Board member since 2016.

Experience: Gang is CEO of Advanced SolTech Renewable Energy. Gang has worked in sales and business development for the company since 2015. In 2012–2015, Gang was the Sales and Marketing Manager of Advanced Solar Power Hangzhou, responsible for building a platform for sales in around 30 countries. Between 2008 and 2012, Gang served as Manufacturing Manager at Advanced Solar Power Hangzhou, where he created and built up the manufacturing process for the company's thin-film (CdTe) modules. Before going into the solar energy industry, Gang worked in sales and as a developer for a number of software companies.

Education: M.Sc. in Mathematics and Computer Science, Colorado School of Mines. B.Sc. in Mathematics, ShanDong University, JiNan.

Other current assignments: Board member of Advanced SolTech Renewable Energy (Hangzhou) Co. Ltd and HuBei KaiLong Longyan Energy Technology Co. Ltd.

Holding in Company: 0 shares. 387,475 warrants.

Independent: Not independent in relation to the Company and Executive Management. Independent in relation to the Company's major shareholders.



Vivianne Holm

Board member

Born in 1965.

Board member since 2020.

Experience: Vivianne has extensive experience in the financial sector and has previously worked in various roles in equity research and corporate finance, as well as a consultant specialising in business development, fundraising and investor relations. Vivianne is currently working via Board positions and as an active investor in cleantech.

Education: Master of Business Administration, Stockholm School of Economics.

Other current assignments: Board member of Hexicon AB, Meva Energy AB and Volta Greentech AB.

Holding in Company: 47,361 shares via companies.

Oberoende: Independent in relation to the Company and the Executive Management. Independent in relation to the Company's major shareholders.



Patrick de Muynck

Board member

Born in 1956.

Board member since 2020.

Experience: Patrick has worked in the financial sector for more than 35 years, mostly based in London and New York. From 2000 to 2015, Patrick was a partner at EQT, serving as Head of Credit and a member of the management team. For a few years now, Patrick has been working via Board memberships and on his own investments.

Education: Commercial Engineer, Solvay College, University of Brussels.

Other current assignments: Chairman of the Board of Ymer SC AB, Ymer SC Fund 1 AB, Ymer SC AC AB, Brocc Holding AB, Skalmsta Ridcenter AB and Dagar hf. Board member of Kara Connect IVS, Kara Connect ehf., Skogsliden Finance AB, Brocc Finance AB and Brocc AB (publ).

Holding in Company: 25,255 shares.

Independent: Independent in relation to the Company and the Executive Management. Independent in relation to the Company's major shareholders.

Management



Max Metelius

CEO

Born in 1969.
CEO since 2020. Employed by ASAB since August 2018.

Experience: Max has spent the last eight years in various roles in renewable energy, including as co-founder of Alight, business developer in solar energy at BMI and CFO/COO at Advanced Soltech. Previously, Max has extensive experience in the financial sector at Carnegie and HQ Bank, mainly focusing on emerging markets investments.

Education: Bachelor of Laws, Stockholm University. Master of Law and Economics, University of Hamburg. Studies in Economics and Earth Sciences, Stockholm University.

Other current positions: Board member of Advanced SolTech Renewable Energy (Hangzhou) Co. Ltd, ST-Solar Holding AB, Kraftwerk Holding AB and Kraftwerk Consulting AB.

Holding in Company: 15,000 shares via companies. 387,475 warrants.



Lars Höst

CFO

Born in 1958.
CFO since 2020. Employed by ASAB since August 2020.

Experience: Lars has more than 30 years' experience from senior roles in finance, latterly as CFO and acting CEO of Ortivus AB (publ), listed on Nasdaq Small Cap. Lars has held positions as CFO/Head of Accounting for D-Link Northern Europe, Sitetel Sweden/Northstar Batteries and Gunnebo Nordic.

Education: Degree in Business and Economics, Lund University. IT Studies, Lund University.

Other current positions: Board member of Advanced SolTech Renewable Energy (Hangzhou) Co. Ltd och Host Financial Services AB. Deputy Board member of ST-Solar Holding AB.

Holding in Company: 0 shares. 116,243 warrants.



Cecilia Xia

General Counsel

Born in 1992.
Company lawyer since 2021. Employed by ASAB since February 2021.

Experience: Cecilia has worked as a lawyer at Setterwalls Advokatbyrå and has been active in the areas of mergers and acquisitions, venture capital and corporate law for Swedish and international companies. She has a background in China and, in addition to Swedish and English, speaks Mandarin.

Education: Law degree, Uppsala University.

Other current positions: None.

Holding in Company: 0 shares. 38,748 warrants.

Management



Gang Bao

CEO of the Chinese subsidiaries

Born in 1969.

Employee since 2015, CEO since 2020.

Experience: Gang has worked in sales and business development for the company since 2015. In 2012–2015, Gang was the Sales and Marketing Manager of Advanced Solar Power Hangzhou, responsible for building a platform for sales in around 30 countries. Between 2008 and 2012, Gang served as Manufacturing Manager at Advanced Solar Power Hangzhou, where he created and built up the manufacturing process for the company's thin-film (CdTe) modules. Before going into the solar energy industry, Gang worked in sales and as a developer for a number of software companies.

Education: M.Sc. in Mathematics and Computer Science, Colorado School of Mines. B.Sc. in Mathematics, ShanDong University, JiNan.

Other current assignments: Board member of Advanced SolTech Renewable Energy (Hangzhou) Co. Ltd and HuBei KaiLong Longyan Energy Technology Co. Ltd.

Holding in Company: 0 shares. 387,475 warrants.



Frederic Telander

Working Chairman of the Board

Born in 1964.

Working Chairman of the Board since 2020. Board member since 2016.

Experience: Former partner in EIG Venture Capital Ltd, an investment company focused on clean tech investments. During the 2001–2008 period, Frederic took a prominent role in the expansion of the Gas Turbine Efficiency Group and the listing process for the company on the London Stock Exchange's AIM list in 2005. During the 2007–2009 and 2018–2020 periods, Frederic was Chairman of the Board of Sol-Tech Energy Sweden AB (publ), and in the 2009–2018 period was CEO and took a leading role in the listing process for Soltech Energy on First North at Nasdaq Stockholm in 2015.

Education: University studies in business administration.

Other current assignments: Board member of Sactum AB.

Holding in Company: 10,004 shares via companies. 406,849 warrants.

The ASAB share and shareholders

The shares are listed for trading on Nasdaq OMX Stockholm, First North Growth Market. The number of shares in issue on 31 December 2021 was 38,747,539.

In 2021, a 1-for-50 share split was carried out, as well as a new issue of preference shares and a further new issue in connection with the IPO on 29 October. See table for a summary of changes in share capital.

Trading on the First North Growth Market

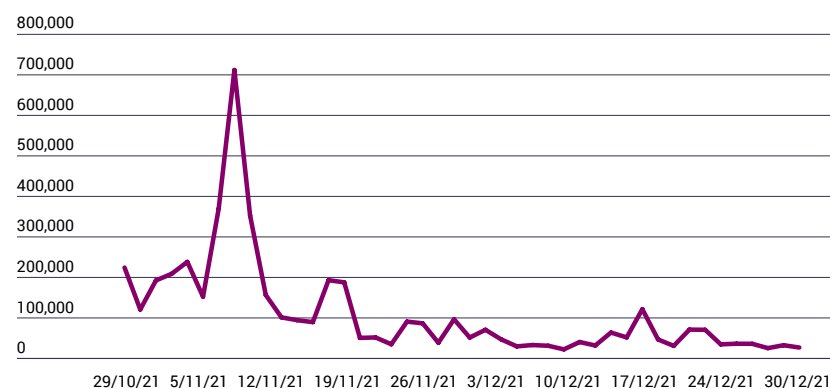
During the period 29 October to 31 December, a total of 4.9 million shares were traded. On average, 110,000 shares were traded per trading day.

The share price at the IPO was SEK 27.00. The highest price paid during the year was SEK 68.10 and the closing price on 31 December was SEK 46.30, indicating a market cap of approximately SEK 1.8 billion.

ASAB share, closing price per day (SEK)



ASAB share, volume per trading day (SEK)



Owner

The total number of shareholders on 31 December 2021 was 22,692. Soltech Energy AB was the largest shareholder with 29.35 percent of the shares. The table below shows the 10 largest shareholders.

Dividend

For the foreseeable future, ASAB will focus on growth and does not intend to pay a dividend in the next few years. The Board will evaluate the dividend issue annually. The Board of Directors proposes that no dividend be paid for 2021.

Lock-up

In connection with the IPO, the following lock-up commitments have been agreed.

- The existing shareholders, Soltech and ASP, shares prior to the IPO: 29/10/2023.
- The existing principal owners, Soltech and ASP, guarantee portion: 29/07/2022
- Preference shareholders and external guarantors: 27/04/2022
- Board of Directors and Group Management: 29/10/2022

Changes in share capital

	Date	Share capital (SEK)	Number of shares (*)
At beginning of year	January 2020	500,000	5,000
New share issue	February 2020	3,800,000	38,000
1-for-10 share split	May 2020	0	387,000
New issue of preference shares	October–November 2020	15,670	1,567
1-for-50 share split	May 2021	0	21,146,783
New issue of preference shares	July/September 2021	7,090	35,450
New share issue in connection with IPO (**)	November 2021	3,426,748	17,133,739
At year-end		7,749,508	38,747,539

(*) 1 preference share counts as 1 ordinary share

(**) Preference shares converted into ordinary shares

Largest shareholders

	Number of shares	Share of equity	Share of votes
SolTech Energy Sweden AB (publ.)	11,373,941	29.35%	29.35%
Advanced Solar Power Hangzhou Inc.	10,943,940	28.24%	28.24%
Isac Brandberg AB	1,816,665	4.69%	4.69%
The World We Want Foundation	785,184	2.03%	2.03%
Avanza Pension	452,520	1.17%	1.17%
Gryningskust Holding AB	425,925	1.10%	1.10%
Crozios Enterprises	425,925	1.10%	1.10%
Pong AB	253,332	0.65%	0.65%
Hökerum Kapitalförvaltning AB	215,277	0.56%	0.56%
Kommandoran	212,777	0.55%	0.55%
Miscellaneous	11,842,053	30.56%	30.56%
	38,747,539	100.00%	100.00%

Risks

This section describes the risk factors and circumstances that are considered material to the business and future development of Advanced Soltech Sweden AB and the Group of which it, as Parent Company, operates and represents.

The risks are specific and material to the Group's market and business activities in Sweden and China. When a risk factor is relevant to more than one category, it is presented only under the category that is considered to be the most relevant. The risk factor currently considered to be the most significant is presented first in each category. Other risk factors are not ranked in order of materiality.

Risks related to the market and business activities

Risks related to pandemics

The Group's electricity prices are discounted in relation to the official grid price applied by the network operator concerned. A prolonged pandemic may have negative consequences for the Group, both because grid prices in China may be lowered for a prolonged period to stimulate the Chinese economy and because lower electricity consumption by customers may result in a higher proportion of the Group's generated electricity being sold to the grid at a lower price than if sold directly to the customer.

Global macroeconomic and geopolitical conditions and their impact on China's economy

All of the Group's commercial activities are conducted in China, and virtually all of its assets are located in China. Consequently, the growth of ASAB's business is closely linked to the Group's performance, which in turn is linked to growth in the renewable energy market and the domestic demand for solar energy in China.

Although the Group operates in a growing renewable energy market, changes in the global economy may affect the propensity

to invest in solar energy, or to purchase electricity from solar energy systems. A weakening global economy, prolonged economic recession, increased tariffs or a continued or escalated trade war between China and the United States could lead to a slowdown in industrial growth in China, which in turn would reduce demand for electricity.

Geopolitical tensions between China and countries of the West, or a continued or escalated trade war between China and the United States, may also lead to reduced demand for assets in China and adversely affect the Group's financing options. As a result of the deterioration in relations between China and countries of the West, China may also implement regulations on foreign companies that could pose an obstacle to the Group's operations and the financing of its activities.

Policy decisions related to solar energy subsidies

Policies on solar energy subsidies in some places in China are not sustainable, as local governments have not officially issued any specific regulations or rules to guarantee these subsidies. For projects installed more recently, subsidies are significantly lower and likely to be abolished in the future. There is a risk that the Group may not receive or retain subsidies already received as a result of local policies that are not sustainable. However, the Group has not included any subsidies for new projects in its assumptions for 2020 onwards.

Operational risks

Operational risks related to variations in electricity prices

The revenues from the operations in China are largely dependent on growth in the electricity market in China. All contracts that the Group has entered into with its customers use a pricing mechanism with a discount to the official electricity price applied by the network operator concerned. Any fall in the price of electricity would have significant negative impact on the Group's ability to

pay interest and fulfil any loan repayments. There are no options for hedging against risks associated with fluctuations in the price of electricity. However, electricity price volatility has historically been low.

Operational risks associated with the development of new solar energy projects

There is a risk that the Group's new solar energy installations may not be completed on schedule or at all, and therefore may not generate the revenues expected or returns on investments made. The projects undertaken by the Group mostly require significant investments during the construction phase and it usually takes several months before revenues can be generated.

The time required and costs of completing the construction of solar energy installations may be affected by many factors, including shortages of construction materials, equipment or labour, adverse weather conditions, natural disasters, delays or shortcomings in performance by the Group's suppliers, labour disputes, disputes with suppliers and subcontractors, accidents, changes in government priorities and other circumstances. Construction delays can lead to significant revenue losses and increased costs.

Given the Group's business model, connection to the grid is a prerequisite for the Group to be able to deliver electricity generated by solar energy installations to customers. In addition, approvals from the National Development and Reform Commission of China, NDRC, or from its local counterparts, are required to permit construction, energy management or similar projects in China, including rooftop projects. There is, therefore, a risk that grid connections may be refused or delayed due to circumstances beyond the Group's reasonable control.

Operational risks related to key employees

ASAB is a relatively small company and is dependent on key employees. If the Company loses these employees or finds it

difficult to attract equally qualified employees, this may affect the Company's operations and ability to execute current and future strategies. It is crucial for the Company's success to continue to be able to attract and retain qualified personnel. This in turn depends on factors such as the Company's business development, ability to create stimulating tasks, workload, incentive programmes and competition for experienced employees. If one or more persons should leave or otherwise terminate their relationship with the Company, or if any of these key employees should significantly change or reduce their roles within the Company, there is a risk that the Company will not be able to find qualified replacements or services able to contribute within a reasonable period.

Legal and regulatory risks in China

Legal system

The Group companies in China are incorporated under Chinese law and conduct their business in China. China's laws and regulations are based on written constitutions and earlier court decisions can only be cited for reference.

China's legal system is partly based on government policy decisions and internal rules, some of which are not published. As a result, Chinese companies may not be aware of a possible breach of such policies and rules until after a breach has occurred.

If a property owner is declared bankrupt, the Chinese companies, or any of their subsidiaries, can terminate the PPA and dismantle and remove the solar energy installation. If a bankruptcy administrator then chooses no longer to be bound by the PPA, the owner of the solar energy installation will incur a cost for the removal. The same risk exists if the bankruptcy administrator concerned, or other official, decides to sell the property as a result of the previous owner's bankruptcy or payment difficulties and the new owner does not want to take over the installations. The Group always retains the option to sell the generated electricity to the grid as long as the installation is in place and the Group is the owner of the system.

Financial risks

Currency risk

The exchange rate between CNY and other currencies may fluctuate from time to time and will be influenced, for example, by changes in China's political and economic environment. Therefore, any relative weakening of CNY poses a significant risk to the Group, as ASAB's existing loans are predominantly denominated in a currency other than that in which the assets are recognised, which may have a material adverse effect on the Company's reported equity and solvency.

As the Group's operational activities are essentially conducted in China and revenue is generated in CNY, a currency risk arises as ASAB's financial commitments are in other currencies (mostly SEK and EUR).

The fluctuations in the exchange rate between CNY and other currencies, and any weakening of CNY against EUR or SEK, mean that the Group may report exchange rate losses in its accounts, leading to a reduction in the Group's equity or real income.

Credit risk

The Group's operations are subject to potential credit risk that may arise if the Group's counterparties are unable to meet their financial obligations. An assessment of credit risk must therefore include an assessment of the ability of Group companies to conduct their business and the credit risk they face from their customers, as well as the risk that those customers may find themselves in a financially difficult situation where they are unable to pay the agreed fees, or other charges, which they are obliged to pay to the Group company when they fall due, or if they otherwise default on their obligations.

Investment and refinancing

ASAB's ability to repay its debts under its SOLT bonds will above all depend on its options for refinancing. If the Group is unable to obtain refinancing of its SOLT Bonds on satisfactory terms, the Group will be forced to take measures such as reducing or postponing its activities, acquisitions, investments, or selling assets, restructuring its debt or seeking additional capital from shareholders.

If the Group is unable to raise additional capital when needed, the scale of its operations may be unable to expand and may be at risk of reducing, which could result in the Group being unable to meet its obligations and/or achieve its long-term objectives.

Currency restrictions in China

The Chinese currency CNY cannot be freely converted into other currencies. All actions relating to the payment and receipt of foreign currency, as well as the conversion of foreign currency into CNY and vice versa, are regulated. All foreign currency transactions are controlled or monitored in some form by the State Administration of Foreign Exchange, SAFE. Foreign currency may not be circulated or used for payment in China. In payment of interest under a credit facility and payment of dividends, all domestic institutions making a foreign currency payment in excess of USD 50,000 abroad must first notify the State Administration of Taxation in China. Such a process may cause delays and require administrative work, which may have a negative impact on the Group's business, operations and financial position. In repayment of loans under a credit facility, there is no requirement to make a prior notification to the State Administration of Taxation in China. The Chinese government may temporarily restrict certain payments in relation to, for example, dividends.

VAT and other tax-related items

Risks related to tax regulations in China

The Group conducts its main business via direct and indirect subsidiaries in China. The tax strategies applied by the Group are based on its interpretation of applicable tax regulations in China. The Group may, from time to time, be subject to tax audits and other investigations by the tax authority concerned. A risk exists that the tax authority concerned will arrive at assessments and take decisions that differ from the Group's understanding and interpretation of the relevant tax legislation, which may in turn adversely affect the Group's tax expense and effective tax rate.

Corporate Governance

Advanced Soltech Sweden AB (publ) is a Swedish public limited liability company, CIN 559056-8878, whose shares are listed on Nasdaq OMX in Stockholm, First North Growth Market. The Company's registered office is in Stockholm.

The company was established in Sweden, was registered with the Swedish Companies Registration Office on 30 March 2016 and has conducted operations since then. The Company complies with the provisions of the Swedish Companies Act (2005:551) and other applicable laws and regulations in Sweden and China.

ASAB's corporate governance principles and structure are designed to ensure that the Group is managed in the most efficient and value-creating manner possible on behalf of its shareholders. Corporate governance is a tool for maintaining order and structure for the Board and Management. A clear structure and clear rules and processes facilitate decision-making and other management of the business, while providing the conditions to ensure and verify that ASAB complies with internal and external regulations.

Governing documents

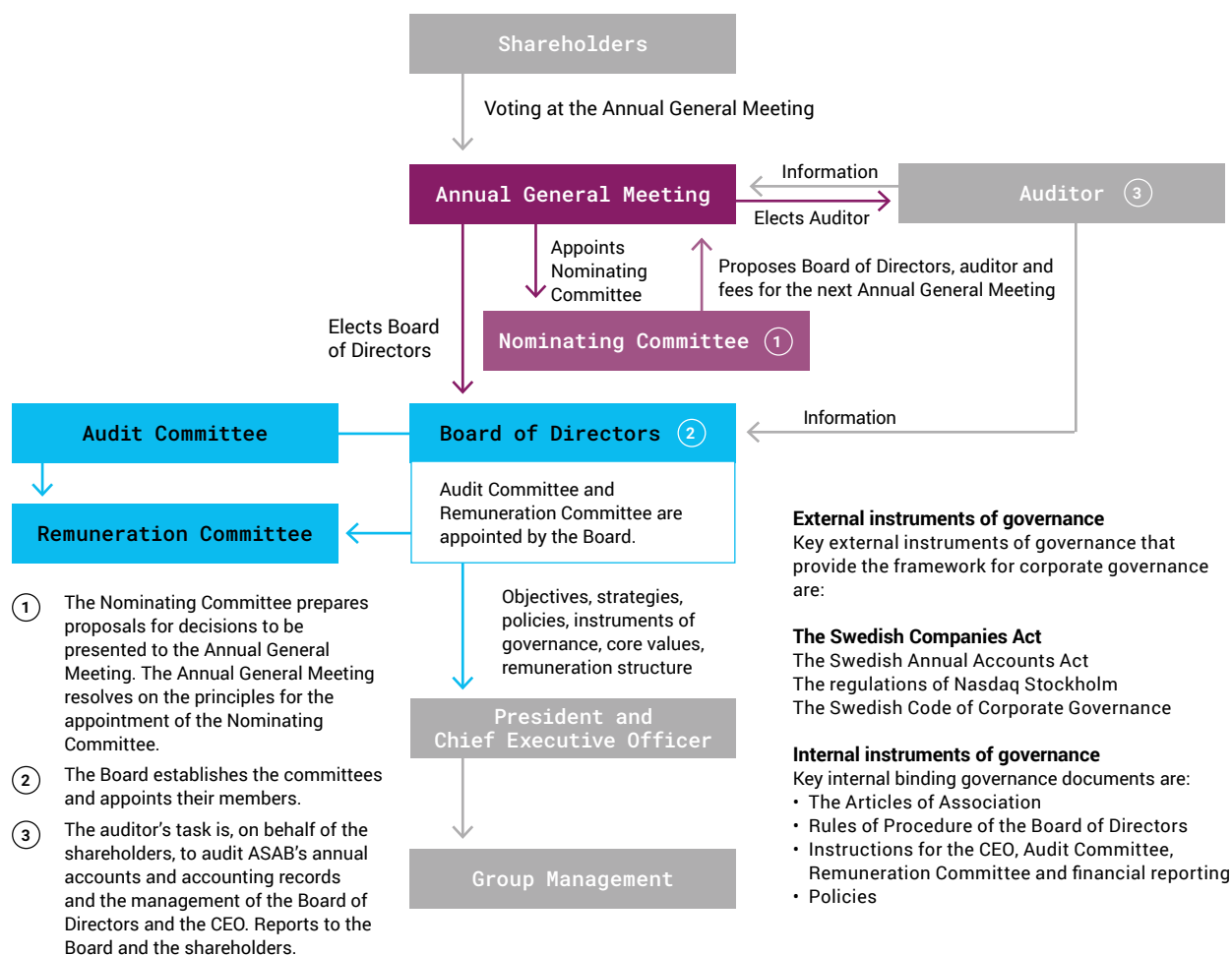
External instruments of governance include the Swedish Companies Act, the Swedish Annual Accounts Act and Nasdaq Stockholm's Regulations for Issuers.

Internal instruments of governance include the Articles of Association, the Board of Directors' and the Chief Executive Officer's rules of procedure, instructions, policies and guidelines.

The Articles of Association

The Company's Articles of Association state that the object of the Company's operations is *inter alia* to

Overview of corporate governance



finance the Group's solar energy installations. Full information on the Articles of Association is available at <https://advancedsoltech.com/investors/corporate-governance>.

Shareholders

Every shareholder has the right to vote for all the shares held by the shareholder in the Company. The shares are listed for trading on Nasdaq OMX Stockholm, First North Growth Market. The number of shares on 31 December 2021 was 38,747,539.

Annual General Meeting

Shareholders have the opportunity to exercise their influence through the Annual General Meeting, which is the highest decision-making body in ASAB. The rules governing the Annual General Meeting are set out in the Swedish Companies Act and in the Articles of Association. The regular annual general meeting – the AGM – appoints the members of the Board of Directors, the Chairman of the Board and the Company's auditor, as well as determining their fees. The AGM also resolves on adoption of the income statement and the balance sheet and on appropriation of the Company's unappropriated earnings; discharges the Board and CEO from liability; and resolves on the composition of the Nominating Committee and the terms and conditions for remuneration and employment of Group Management.

ASAB's financial year is from 1 January to 31 December. The AGM shall be held within six months of the financial year-end and shall, as stipulated by the Articles of Association, be held in Stockholm. The time and place of the AGM will be announced no later than at the time of the third quarterly report.

Notice of the AGM will be given no earlier than six weeks and no later than four weeks before the meeting through a notice in Post- och Inrikes Tidningar and via www.advancedsoltech.se. The fact that a notice has been issued shall be advertised in Dagens Nyheter.

Shareholders have the right to have a matter dealt with at the AGM and to exercise their right must submit a request to that effect in writing to the Board of Directors. The request must be received by the Board no less than seven weeks before the AGM.

Annual General Meeting 2021

The AGM was held on 26 May 2021 in Stockholm. The AGM resolved as to:

- adoption of the income statement and balance sheet
- appropriation of the Company's profit by carrying forward to a new account
- discharge of the Board of Directors and CEO from liability
- re-election of the regular members of the Board Frederic Telander, Stefan Ölander, Ben Wu, Gang Bao, Vivianne Holm and Patrick de Muynck
- amendment to the Articles of Association regarding the share split
- re-election of the auditing firm Öhrlings Pricewaterhouse Coopers AB as auditor. The auditing firm advised that Claes Sjödin is the lead auditor.
- authorisation for the Board of Directors to resolve, on one or more occasions, during the period until the next AGM, with or without preferential rights for the shareholders, on new share issues, warrants and/or convertibles.

At the Company's subsequent Statutory Board Meeting, Frederic Telander was elected Chairman of the Board.

Annual General Meeting 2022

The 2022 AGM will be held on 19 May 2022.

Nominating Committee

The work of the Nominating Committee

The Nominating Committee is responsible for preparing and presenting proposals for Chairman of the Board, Board members, remuneration of the Board (to Chairman, members and committees), Chairman of the meeting and election and remuneration of the auditors, as well as rules for the Nominating Committee. The Nominating Committee's proposals are presented in connection with the notice of the forthcoming AGM.

The Nominating Committee shall consist of three members. In December, the Chairman of the Board will contact the three

largest shareholders (based on the shareholding according to Euroclear Sweden AB as per the first business day in December) in order to appoint a Nominating Committee. If any such shareholder declines to appoint a member, the fourth largest shareholder shall be consulted and so on, in descending order. Each member of the Nominating Committee shall carefully consider whether there is any conflict of interest, or any other circumstance that renders membership of the Nominating Committee inappropriate, before accepting the position. No fees are paid to members of the Nominating Committee.

The Nominating Committee is tasked with preparing proposals on the following matters that are to be submitted to the AGM for resolution:

- proposal for Chairman of the AGM
- proposal for number of directors on the Company's Board
- proposal for election of Board members and Chairman of the Board
- proposal for Board fees, including allocations to the Chairman and the other Board members, as well as any remuneration for committee work
- proposal for election of statutory auditors, based on proposals from the Audit Committee
- proposal for the fees of the statutory auditors and
- proposal for procedure for the appointment of the Nominating Committee (if applicable).

Shareholders' proposals

All shareholders have the right to present the Nominating Committee with proposals for Board members. Such proposals are to be sent to the Chairman of the Nominating Committee by e-mail to info@advancedsoltech.com.

Board of Directors

The work of the Board

The principal task of the Board is to safeguard the interests of the Company and its shareholders. It is required to appoint the

Chief Executive Officer, be responsible for management and organisation of the Company, which includes being responsible for setting objectives and strategies, ensuring procedures and systems for the evaluation of set objectives are in place, continuously evaluating the Company's performance, financial position and operational management. The Board is also responsible for ensuring that fit-for-purpose systems are in place to monitor and control the Company's activities and risks involved. Furthermore, the Board is responsible for the Company's compliance with applicable laws and its Articles of Association.

The Board meets according to schedule that is established annually. Over and above these meetings, further meetings may be convened and such meetings may also be held by telephone or *per capsulam*. Meetings are prepared by the Chairman and the CEO, who jointly propose an agenda for each meeting. The CEO shall provide Board members with written reports and supporting documents for each meeting. Meetings of the Board are attended by the Company's Group Management. Other officials participate as necessary in a reporting function on specific cases.

Composition of the Board

The Board of Directors is elected by the AGM for the period until the next AGM. The Board shall consist of no less than three and no more than nine members elected by the AGM. At the AGM held on 26 May 2021, Frederic Telander, Stefan Ölander, Ben Wu, Gang Bao, Vivianne Holm and Patrick de Myunck were re-elected for the period until the next AGM. A presentation of all Board members is available at <https://advancedsoltech.com/about-us/board-of-directors/>.

Chairman of the Board

The Board of Directors is elected by the AGM and at the subsequent statutory meeting of the Board on 26 May 2021, Frederic Telander was elected Chairman of the Board. The Chairman of the Board is tasked with directing the work of the Board and ensuring that the Board performs its duties, and has specific responsibility for ensuring that its work is well organised and performed efficiently, as well as for monitoring developments in its activities.

Independence of the Board

Of the members of the Board, Vivianne Holm and Patrick de Myunck are independent in relation to the Company, its management and its largest shareholders. Gang Bao is independent in relation to the Company's major shareholders. Other members of the Board are not independent of the Company, its management and its largest shareholders.

Rules of Procedure of, and Instructions applying to, the Board

The work of the Board of Directors is *inter alia* governed by the Swedish Companies Act and the Company's Articles of Association.

At the statutory meeting, the Board resolves on its rules of procedure, which shall apply until the end of the next Annual General Meeting. The rules of procedure govern, for example, the overarching tasks of the Board, rules for Board meetings, the division of functions between the Board and the CEO and the procedures for day-to-day financial reporting. The statutory meeting of the Board of Directors also determines the instructions for the CEO, including financial reporting, and determines who is authorised to sign on behalf of the Company.

The Board appoints the members of the Committees.

Regular meetings of the Board

The agenda includes standing items concerning areas such as finance, market, personnel, operations and ongoing investments. In addition to these standing items and other business, the agenda for each meeting is structured as follows.

January–February

Approval of the year-end report and the dividend to be proposed to the Annual General Meeting.

March–April

Approval of the annual report, notice of the AGM, together with matters requiring the approval of the AGM, including the appropriation of unappropriated profit proposed by the Board of Directors. This meeting will also receive a report containing the results of the audit by the Audit Committee.

April–May

Approval of the report for the first quarter of the year, adoption of and changes to the Group's policies and annual assessment of whether the dividend policy should be changed.

July–August

Approval of the half-year report.

October–November

Approval of the report for the third quarter of the year.

December

Approval of the budget. Resolution on the annual adjustment of the remuneration of Group Management, based on proposals by the Remuneration Committee.

The Board's committees etc.

Audit Committee

During the financial year, the Audit Committee of the Board of Directors consisted of Vivianne Holm (Chair) and Patrick de Myunck. Both members of the Audit Committee are independent in relation to the Company, management and the Company's major shareholders.

The work of the Audit Committee is governed by specific instructions adopted by the Board as part of its Rules of Procedure. Without prejudice to the other responsibilities and duties of the Board, the Audit Committee is required:

- to oversee the Company's financial reporting
- to monitor the effectiveness of the Company's internal control and risk management
- to participate in decisions concerning the scope of the audit
- to keep informed as to the audit of the annual accounts and consolidated accounts
- to review and monitor the impartiality and independence of the auditor, paying particular attention as to whether the auditor provides the Company with services other than audit services, and to assist in the preparation of proposals for the election of the auditor by the AGM.

Remuneration Committee

During the financial year, the Remuneration Committee of the Board consisted of Frederic Telander (Chairman), Stefan Ölander and Ben Wu. The three members of the Remuneration Committee are all not independent in relation to the Company and Group Management. The work of the Remuneration Committee is governed by specific instructions adopted by the Board as part of its Rules of Procedure.

The duties of the Remuneration Committee include:

- preparing the Board's decisions on matters relating to remuneration principles, remuneration and other terms and conditions of employment of Group Management
- monitoring and assessing ongoing programmes and those ended during the year for variable remuneration to Group Management
- evaluating implementation of the remuneration policy and the guidelines on remuneration for senior executives that the AGM is legally required to resolve on.

President and Chief Executive Officer

The President and Chief Executive Officer reports to the Board of Directors and is responsible for day-to-day management of the Company. The allocation of tasks between the Board of Directors and the Chief Executive Officer is set out in the Rules of Procedure of the Board and the Instructions to the Chief Executive Officer. The Chief Executive Officer is responsible for preparing reports and compiling information from management for Board meetings, and serves in a reporting capacity for that material at Board meetings.

According to the financial reporting instructions, the Chief Executive Officer is responsible for financial reporting in the Company and is therefore required to ensure that the Board, primarily through the Chief Financial Officer, receives sufficient information to enable the Board to evaluate the financial position of the Company on an ongoing basis.

The Chief Executive Officer must keep the Board continuously informed as to developments in the Company's business, developments in sales, the Company's performance and financial position, liquidity and credit situation, major business events and any other circumstance that may be of material importance to the Company.

Max Metelius has served as President and Chief Executive Officer since 2020.

Powers and responsibilities of the Chief Executive Officer, Group Management and managers are defined in policies, guidelines, job descriptions and attestation instructions.

Auditor

The auditor is appointed by the Annual General Meeting to audit the annual report and accounts of the Company and the Group and the administration by the Board of Directors and the Chief Executive Officer. After each financial year, the auditor shall submit an audit report and a Group audit report to the Annual General Meeting.

According to its Articles of Association, ASAB shall appoint one or two auditors. At the Annual General Meeting held on 26 May 2021, the authorised firm of public accountants Öhrlings Pricewaterhouse Coopers AB was appointed as auditor until the end of the Annual General Meeting 2022. Claes Sjödin is lead auditor.

Internal control

Under the Swedish Companies Act, the Board of Directors is responsible for internal control, the overall purpose of which is to safeguard the Company's assets and thereby the owners' investment. The Swedish Annual Accounts Act requires the Company to describe annually the Company's and the Group's system of internal control and risk management in relation to financial reporting.

Internal control is based on a fit-for-purpose and effective control environment. ASAB's control environment consists of the organisational structure, job descriptions, decision paths, powers and responsibilities that are defined and communicated through governing documents such as internal policies and guidelines:

- Rules of procedure for the Board and its committees and instructions to the Executive Director
- Finance policy and Financial handbook
- Attestation instructions and decision-making procedure for investments

Financial reporting

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Board of directors' report

The Board of Directors and the CEO of Advanced Soltech Sweden AB (publ) may hereby submit an annual report and Group accounts for the financial year 2021.

BOARD OF DIRECTORS' REPORT

Information about the business

Advanced Soltech Sweden AB (publ), through its wholly owned subsidiaries in China, offers Chinese customers electricity from solar energy plants placed on the roofs of customers' properties. ASAB's offer means that the company invests in, owns and operates the solar energy plant, for the customer who is buying the electricity that the plant produces at a pre-agreed price during a contract period of 20 years. The electricity that the customer does not buy is sold to the electricity grid.

The group consists of the Swedish parent company Advanced Soltech Sweden AB (publ) and the wholly owned subsidiaries:

- Advanced SolTech Renewable Energy (Hangzhou) Co., Ltd
- Longrui Solar Energy (Suqian) Co., Ltd
- ST-Solar Holding AB

The two Chinese subsidiaries are in their turn the parent companies of local Chinese companies, established in different regions of China. ST-Solar Holding manages the Group's employee warrants. The parent company's operations are to finance the Group's solar energy facilities in China.

Events during the year 2021

- On October 29, 2021, trading began with Advanced Soltech AB's share on the Nasdaq First North Growth Market. In connection with the IPO, the company received issue proceeds, before deductions for issue costs, of SEK 198 million.
- The company raised SEK 71.0 million before deductions for issue costs in new issues of preference shares.
- The company signed 40 contracts amounting to a total installed capacity of 69.6 MW.
- In 2021, the company installed a total of 29.9 (37.4) MW of roof-based solar energy plants and had 206.5 (176.6) MW installed and revenue-generating capacity at the end of the year.
- During the year, 172.2 (122.2) million kWh were produced, an increase with 41%, which reduced China's CO₂-related emissions by approximately 107,000 (76,000) tons.
- At the end of 2021, the company had 54 (38) MW in signed orders.
- The number of employees at the end of the year was 14 (16), of which 10 (13) in China.

Revenues for the Group for the full year 2021

- Revenues (sales of electricity and subsidies) amounted to SEK 153.5 (138.8) million, an increase of 11 percent compared with the previous year.
- Net sales (sales of electricity to customers and grid) amounted to SEK 117.4 (86.4) million, an increase of 36 percent compared with the previous year, due to the company's portfolio of solar energy plants is growing.
- Other operating income, which for the most part consisted of subsidies from authorities, amounted to SEK 36.2 (52.4) million, a decrease of 31 percent compared with the previous year. The full year was negatively affected by a non-recurring item of SEK

3.2 million for returned subsidies, which after a reassessment was found to belong to the previous owner of an acquired project portfolio. The subsidies were originally recognized as other operating income in Q2 2020. Furthermore, subsidies of SEK 1.5 million have lapsed due to the authorities changing the division of regions for some of our facilities.

- According to the company's estimate, the effects of the Corona pandemic affected the company's revenue by SEK -4.2 (-13.5) million, due to a general price reduction. The first quarter of 2020 was affected in larger extent of the Corona pandemic.

Result for the Group for the full year 2021

- Operating expenses amounted to SEK 92.9 (62.6) million, an increase of 48 percent. The largest items for the increase is that costs for depreciation according to plan (SEK 11.0 million) and maintenance costs for solar energy plants (SEK 9.8 million) have increased. The cost of contracts with roof rents has also increased (SEK 1.4 million). Contract with roof rent means that the customer gets paid to rent out the roof, which is compensated by them paying a higher electricity price. Staff cost has increased since the company has strengthened the management, which is line with the company's plan for growth.
- Operating profit amounted to SEK 60.7 (76.2) million.
- Interest expenses and similar income items amounted to SEK 129.9 (123.6) million. The increase is mainly due to amortization of capitalized borrowing costs, which do not affect cash flow.
- Exchange rate difference amounted to SEK 92.8 (-41.3) million and was mainly attributable to a change in SEK against CNY (-13.2 percent since December 31st, 2020) respectively SEK against EUR (-1.9 percent). For the same period last year, the change was for SEK against the CNY (6.0 per cent since December 31st, 2019) respectively SEK against EUR 3.8 percent).

The exchange rate difference arises through translation of assets and liabilities, with amounts in currency which is not the respective company's accounting currency. The amount is unrealized and do not affect the cash flow.

- Profit after tax amounted to SEK 16.2 (-97.0) million. The single largest item for the improvement in earnings was the exchange rate difference.

Cash flow for the Group for the full year 2021

- The Group's total cash flow amounted to SEK 78.4 (25.7) million
- Current operations generated a cash flow of SEK 104.3 (-34.2) million, where the largest increase consists of the build-up of accounts payable and other current liabilities in connection with major installation projects.
- Investment activities generated a cash flow of SEK -299.2 (-135.2) million, which for the most part consists of investment in ongoing and new solar panels.
- Financing activities generated a cash flow of SEK 273.2 (195.1) million, consisting of issue of preference shares of SEK 65 million, after deduction of issue costs, issue in connection with IPO of SEK 159 million, after deduction of issue costs, and raising of short-term loan of SEK 47 million.

Financial position and liquidity for the Group at the end of the financial year

- Total assets amounted to SEK 1,753 (1,257) million.
- Tangible fixed assets amounted to SEK 1,374 (980) million, which for the most part consists of solar energy plants.
- Financial fixed assets amounted to SEK 92 (96) million, which mainly consists of the VAT claim, which arises when the company invests in new solar energy plants.
- Cash and bank amounted to SEK 161 (73) million.
- Equity amounted to SEK 499 (203) million where the increase comes from issues during the year.
- Long-term liabilities amounted to SEK 980 (945) million, consisting of bond loans less capitalized borrowing costs, and loans from the two main owners and one smaller external loan.

- Current liabilities amounted to SEK 261 (102) million, where the largest items consist of accounts payable as well as accrued expenses for interest expenses and installation projects.

Events after the end of the period

- The company signed three contracts amounting to an installed capacity of 6.5 MW.
- The company was awarded the prize in China as "The most influential solar investment company 2021" for the second year in a row.
- By the time of the report, additional nine MW has been installed and connected. Total installed capacity is 215 MW.

THE PARENT COMPANY

- Revenues amounted to SEK 2.6 (6.5) million, mainly invoiced service to the Chinese subsidiaries. The previous year also included a major item for invoicing borrowing costs to the Chinese subsidiaries.
- Operating expenses amounted to SEK 14.3 (15.0) million. For current year, the largest item was that the company has been strengthened within the management. For previous year, the largest item was borrowing costs that were invoiced to the Chinese subsidiaries.
- Operating profit amounted to SEK -11.7 (-8.5) million.
- Interest expenses and similar income items amounted to SEK 101.3 (94.2) million.
- Exchange rate difference amounted to SEK 10.4 (-19.4) million.
- Profit after tax amounted to SEK -26.3 (-48.6) million.

OWNER INFORMATION

The company's largest owners as of December 31st are:

	Number of shares	Capital share	Vote share
SolTech Energy Sweden AB (publ.)	11,373,941	29.35%	29.35%
Advanced Solar Power Hangzhou Inc.	10,943,940	28.24%	28.24%

PROPOSAL FOR PROFIT DISTRIBUTION

Available unrestricted equity in the Parent Company at the Annual General Meeting:

Retained earnings	-43,056,033
Share premium fund	567,213,453
Profit for the year	-26,284,690
Total (SEK)	497,872,730

The Board of Directors proposes that the accumulated profit be treated as follows:

Transferred to a new account SEK 497,872,730.

Multi-year overview

Group

(SEK 000')	210101- 211231	200101- 201231	190101- 191231
Total revenue	153,526	138,794	105,000
Net revenue share of total revenue	76%	62%	58%
EBIT	60,674	76,179	60,849
EBIT%	40%	55%	58%
EBITDA	110,759	115,251	90,158
EBITDA%	72%	83%	86%
Amortization of capitalised borrowing costs	26,800	22,945	12,926
Interest expenses	87,085	85,656	61,851
Average number of employees	14	14	13

(SEK 000')	2021-12-31	2020-12-31	2019-12-31
Interest-bearing debt	1,031,130	977,322	948,570
Equity ratio	28%	16%	15%

Parent company

(SEK 000')	210101- 211231	200101- 201231	190101- 191231	180101- 181231	170101- 171231
EBIT	-11,658	-8,465	-4,775	443	-9,080
Average number of employees	4	2	2	0	0

	2021-12-31	2020-12-31	2019-12-31	2018-12-31	2017-12-31
Total assets	1,491,927	1,267,849	1,080,145	435,564	75,634
Equity ratio	34%	24%	19%	2%	7%

Group reports

Income Statement

(SEK 000')	Note	210101- 211231	200101- 201231
Net revenue		117,350	86,401
Other operating income		36,177	52,393
Total revenue	1, 4	153,526	138,794
Operating expenses			
Other external expenses	5, 19	-28,351	-13,761
Personnel expenses	1, 3	-14,169	-9,115
Depreciation and amortization	1, 6	-50,086	-39,072
Other operating expenses		-247	-667
Total operating expenses		-92,853	-62,615
Operating profit / EBIT		60,674	76,179

(SEK 000')	Note	210101- 211231	200101- 201231
Result from financial items	1, 7		
Interest income and similar income items		149	1,839
Interest expenses and similar charges		-129,920	-123,637
Currency gains and losses		92,843	-41,340
Profit after financial items		23,745	-86,959
Tax	1, 8	-7,499	-10,058
The result for the period		16,246	-97,017
Attributable to the parent company's owners		16,041	-98,477
Minority interest		205	1,460
Earnings per share for the period before dilution, SEK		0.67	-4.97
Earnings per share for the period after dilution, SEK		0.66	-4.97
Weighted average number of outstanding ordinary shares	22	23,919,656	19,820,650
Weighted average number of outstanding ordinary shares after dilution	22	24,263,384	19,820,650

Group reports

Balance Sheet

(SEK 000')	Note	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	1, 2, 9		
Other intangible assets		45,253	42,265
Total intangible fixed assets		45,253	42,265
Tangible fixed assets	1, 2, 10, 18		
Solar PV installations		1,302,133	918,209
Solar PV installations under construction		69,205	59,963
Other tangible assets		2,458	1,703
Total tangible fixed assets		1,373,796	979,875
Financial assets			
Other long-term receivables	2, 11	90,297	88,271
Deferred tax assets	1, 2, 20	1,349	7,858
Total financial fixed assets		91,646	96,129
Total fixed assets		1,510,695	1,118,269

(SEK 000')	Note	2021-12-31	2020-12-31
Current assets			
Short-term receivables			
Accounts receivables	2	36,233	23,537
Other receivables		25,197	16,790
Prepaid expenses and accrued income	12	20,056	25,128
Total current receivables		81,486	65,455
Cash and bank balances			
Cash and bank balances	13	160,724	73,325
Total cash and bank balances		160,724	73,325
Total current assets		242,210	138,780
TOTAL ASSETS		1,752,905	1,257,049

Group reports

Balance Sheet, continued

(SEK 000')	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	21	7,750	4,316
Additional paid in capital		552,860	331,950
Retained earnings including profit/loss for the period		-61,155	-133,589
<i>Equity related to:</i>			
Owners of the parent company		491,946	195,632
Minority interest in equity		7,509	7,045
Total equity		499,455	202,677
Provisions			
Deferred tax liability	1, 2, 20	12,054	7,853
Total provisions		12,054	7,853
Non-current liabilities			
Other non-current liabilities	15	68,096	34,886
Liabilities to group companies	15	0	27,323
Bond loan	15, 16	911,966	882,699
Total non-current liabilities		980,062	944,908

(SEK 000')	Note	2021-12-31	2020-12-31
Current liabilities			
Liabilities to credit institutions		46,814	0
Accounts payable		130,478	56,600
Tax liabilities		3,247	9,116
Other current liabilities		18,083	8,547
Accrued expenses and prepaid income	14	62,713	27,348
Total current liabilities		261,335	101,611
TOTAL EQUITY AND LIABILITIES		1,752,905	1,257,049

Group reports

Changes in equity

210101-211231

(SEK 000')	Share capital	Other contributed equity	Translation reserve	Retained earnings including profit for the period	Total	Minority share	Total equity
Opening balance	4,316	331,950	-15,647	-124,987	195,632	7,045	202,677
Result for the period	0	0	0	16,041	16,041	205	16,246
Translation differences	0	0	53,217	0	53,217	898	54,115
Rights issue	3,434	265,395	0	0	268,829	0	268,829
Issue cost	0	-44,485	0	0	-44,485	0	-44,485
Warrants	0	0	0	2,712	2,712	0	2,712
Dividends	0	0	0	0	0	-639	-639
Closing balance	7,750	552,860	37,570	-106,234	491,946	7,509	499,455

200101-201231

(SEK 000')	Share capital	Other contributed equity	Translation reserve	Retained earnings including profit for the period	Total	Minority share	Total equity
Opening balance	500	189,492	5,366	-26,509	168,849	6,032	174,881
Result for the period	0	0	0	-98,478	-98,478	1,460	-97,018
Translation differences	0	0	-21,013	0	-21,013	-447	-21,460
Rights issue	3,816	154,075	0	0	157,891	0	157,891
Issue cost	0	-11,617	0	0	-11,617	0	-11,617
Closing balance	4,316	331,950	-15,647	-124,987	195,632	7,045	202,677

Group reports

Statement of cash flow

(SEK 000')	Note	210101- 211231	200101- 201231
Cash flows from operating activities			
Operating profit		60,674	76,179
Depreciation and amortization		50,086	39,072
Other non-cash items	17	-10,437	-4,019
		100,323	111,232
Interest received		149	1,839
Interest paid		-92,640	-108,816
Income tax paid		-2,662	-614
		-95,153	-107,591
Change in accounts receivables		-9,006	-2,418
Change in other short-term receivables		6,219	-16,841
Change in accounts payables		62,364	-29,810
Change in other current liabilities		39,594	11,192
Cash flow from working capital		99,171	-37,877
Cash flow from operating activities		104,341	-34,236

(SEK 000')	Note	210101- 211231	200101- 201231
Cash flows from investing activities			
Investments in tangible fixed assets		-296,291	-136,306
Investments in other financial assets		-2,868	1,107
Net cash used in investing activities		-299,159	-135,199
Cash flows from financing activities			
Share issue		268,829	157,891
Share issue cost		-44,485	-11,617
Net proceeds from new loans		46,814	86,368
Repayment of loans		0	-37,526
Payment of warrants	3	2,712	0
Dividends to minority interest		-639	0
Cash flow from financing activities		273,231	195,116
Cash flow for the period		78,413	25,681
Translation difference in cash and cash equivalents		8,986	-2,206
Cash and cash equivalents, beginning of period		73,325	49,850
Cash and cash equivalents, end of period	13	160,724	73,325

Parent company's reports

Income Statement

(SEK 000')	Note	210101- 211231	200101- 201231
REVENUE			
Net revenue		2,599	6,235
Other operating income		16	284
Total revenue	1, 4	2,615	6,519
OPERATING EXPENSES			
Other external expenses	5, 19	-3,005	-8,380
Personnel expenses	1, 3	-11,016	-5,938
Depreciation and amortization	1, 6	-5	-1
Other operating expenses		-247	-665
Total operating expenses		-14,273	-14,984
Operating profit / EBIT		-11,658	-8,465
RESULT FROM FINANCIAL ITEMS			
	1, 7		
Interest income and similar income items		76,403	72,957
Interest expenses and similar charges		-101,298	-94,209
Currency gains and losses		10,412	-19,352
Profit after financial items		-26,141	-49,069
Group contributions		69	0
Profit before tax		-26,072	-49,069
Tax	1, 8	-213	474
Result for the period		-26,285	-48,595

Parent company's reports

Balance Sheet

(SEK 000')	Note	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Tangible fixed assets	1, 2, 10, 18		
Equipment, tools and installations		18	22
Financial assets		18	22
Financial assets			
Shares in group companies	2, 11	618,660	461,922
Receivables from group companies	1, 2, 20	740,075	726,365
Total financial fixed assets		1,358,735	1,188,287
Total fixed assets		1,358,753	1,188,309
Current assets			
Receivables			
Receivables from group companies		83,447	34,610
Tax receivable		0	66
Other receivables		633	399
Prepaid expenses and accrued income	12	411	5,956
Total current receivables		84,491	41,031
Cash and bank balances			
Cash and bank balances		48,683	38,509
Total cash and bank balances	13	48,683	38,509
Total current assets		133,174	79,540
TOTAL ASSETS		1,491,927	1,267,849

(SEK 000')	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	21	7,750	4,316
<i>Unrestricted equity</i>			
Additional paid in capital		567,213	346,301
Retained earnings		-43,056	2,829
Profit (loss) for the year		-26,285	-48,595
TOTAL EQUITY		505,622	304,851
Long-term liabilities			
Liabilities to group companies	15	0	27,323
Bond loan	15, 16	929,771	908,887
Onther non-current liabilities	15	28,621	0
Total long-term liabilities		958,392	936,210
Current liabilities			
Accounts payable		145	620
Other current liabilities		233	570
Accrued expenses and prepaid income	14	27,535	25,598
Total current liabilities		27,913	26,788
TOTAL EQUITY AND LIABILITIES		1,491,927	1,267,849

Parent company's reports

Changes in equity

210101-211231

(SEK 000')	Restricted equity	Unrestricted equity			Total equity
	Share capital	Retained earnings	Share premium fund	Result for the period	
Opening balance	4,316	2,829	346,301	-48,595	304,851
Disposition of results	0	-48,595	0	48,595	0
Rights issue	3,434	0	265,395	0	268,829
Issue cost	0	0	-44,485	0	-44,485
Warrants	0	2,712	0	0	2,712
Result for the period	0	0	0	-26,285	-26,285
Closing balance	7,750	-43,054	567,211	-26,285	505,622

200101-201231

(SEK 000')	Restricted equity	Unrestricted equity			Total equity
	Share capital	Retained earnings	Share premium fund	Result for the period	
Opening balance	500	7,689	203,845	-4,860	207,174
Disposition of results	0	-4,860	0	4,860	0
Rights issue	3,816	0	154,073	0	157,889
Issue cost	0	0	-11,617	0	-11,617
Result for the period	0	0	0	-48,595	-48,595
Closing balance	4,316	2,829	346,301	-48,595	304,851

Notes

Note 1. Accounting and valuation principles

General accounting principles

The annual report and group accounting have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Report and Consolidated Financial Statements ("K3"). The Financial Statements are stated in thousands of kronor (kSEK) unless otherwise stated. Rounding errors may occur. The parent company's accounting currency is Swedish kronor, which also constitutes the accounting currency for the group.

Assets are divided into current assets and fixed assets. An asset is considered a current asset if it is expected to be realized within twelve months from the balance sheet date or within the company's business cycle. With business cycle refers to the time from the start of production until the company receives payment for delivered services or goods. The group's business cycle is estimated to be less than one year. If an asset does not meet the requirement for a current asset it is classified as a fixed asset. Offsetting of receivables and liabilities has not been made.

Liabilities are divided into current and non-current liabilities. Liabilities that are due within twelve months from the balance sheet date are reported as current liabilities. Everything else constitutes long-term liabilities.

Consolidated financial statements

The Annual report cover the parent company ASAB and the companies over which the parent company directly or indirectly has a controlling influence. Controlling influence means a right to decide on another company's financial and operational strategies in order to obtain economic benefits. In assessing whether a controlling influence exists, consideration shall be given to holdings of financial instruments with potential voting rights and which can be, without delay, utilised or converted into financial instruments

with voting rights. Consideration shall also be taken of whether the company through an agent has the possibility to control the business.

Controlling influence normally exists when the parent company directly or indirectly holds shares that represent more than 50 percent of the votes. A subsidiary's income and expenses are included in the consolidated financial statements from the time of the acquisition of the controlling influence until the time when the parent company no longer has a controlling influence over the subsidiary.

All intra-group transactions, balances and unrealised gains and losses attributable to intra-group transactions have been eliminated in the preparation of the Annual report. The Group's earnings and components in equity are attributable to the parent company's owners and minority interests. Minority interests are reported separately in equity in the consolidated balance sheet and in direct connection with the item "Profit for the year" in the consolidated income statement.

If consolidated equity regarding the subsidiary is negative, the minority interest in the subsidiary is reported as a claim on the minority, a negative item within equity, only if the minority has a binding obligation to cover the capital deficit and is able to fulfill the obligation.

Business acquisitions

Business acquisitions are reported in accordance with acquisition accounting. The purchase price for the business is measured at fair value at the time of acquisition, which is calculated as the total of the fair values at the time of acquisition for paid assets, incurred or assumed liabilities and issued equity instruments and expenses that are directly attributable to the business acquisition. An example of expenses is transaction costs. The purchase price includes a contingent purchase price, provided that at the time of the acquisition, it is probable that the purchase price will be adjusted at a later date and that the amount can be estimated in a reliable manner. The acquisition value of the acquired unit is adjusted on the balance sheet date and when the final purchase price is determined, however not later than one year after the acquisition date.

The combined financial statements have been prepared in accordance with acquisition accounting. The time of acquisition

is the time when the controlling influence is obtained. Identifiable assets and liabilities are initially valued at fair values at the time of acquisition. Goodwill consists of the difference between the acquired identifiable net assets at the time of acquisition and the acquisition value, including the value of the minority interest, and is initially valued at acquisition value. When acquiring less than all shares in the acquired entity, the value of the minority's share is added to the acquisition value. At the time of acquisition, goodwill is reported at acquisition value and after the first accounting after the acquisition, it is valued as acquisition value after deductions for depreciation and any write-downs.

Other intangible assets refer to acquired customer contact. These intangible assets are amortized in accordance with the remaining maturity of the underlying contract.

Foreign currency

Receivables and liabilities in foreign currency are translated into Swedish kronor at the exchange rate on the balance sheet date. Income and expenses in a foreign operation are translated into Swedish kronor at an average exchange rate that approximates the exchange rates at the time of the respective transaction. Exchange rate differences that arise from currency translation of foreign operations are reported as equity. Gains and losses on receivables and liabilities of an operating nature are reported net among other operating income or other operating expenses. Gains and losses on receivables and liabilities of a financial nature are reported under "Profit from financial investments" as exchange rate differences. Currency hedging has not been applied.

Income

Sale of solar energy

Revenues from solar energy are calculated on the basis of produced watts and are reported after deductions for VAT and any discounts.

Grants and subsidies

ASRE receives various forms of grants from Chinese authorities, so-called subsidies (state, regional and local subsidies), from the production of electricity. Grants are received per watt produced and are reported as income of the period in which the production of

Notes

electricity takes place. This income is reported as other operating income, which also includes other items.

Remuneration to employees

Short-term remuneration in the group consists of salary, social security contributions, paid vacation, paid sick leave, medical care and, where applicable, bonuses. Short-term remuneration is reported as an expense and a liability when there is a legal or informal obligation to pay such remuneration.

In ASAB, there are individual, defined contribution pension payments. In defined contribution plans, the company pays fixed fees to another company and has no legal or informal obligation to pay anything additional after termination of employment. The group's earnings are charged for costs as the employees' pensionable services are performed. There is no pension plan in the Chinese operation.

Income tax

Current tax

Current tax is calculated on the taxable income for the period. Taxable income differs from what is reported as result in the income statement as it has been adjusted for non-taxable income and non-deductible expenses and for income and expenses that are taxable or deductible in other periods. The Group's current tax liability is calculated according to the tax rates that apply as of the balance sheet date. The state income tax for Swedish legal persons who are their own tax subjects regarding income tax is 20.6 percent of the taxable profit before tax. For legal entities in China, the corresponding tax rate is 25.0 percent, however, with the following reductions of the tax rate:

- 100 percent reduction during the company's first three financial years,
- 50 percent reduction during the company's next three financial years.

Deferred tax

Deferred tax is reported in liabilities in the Financial Statements and the tax value used in calculating taxable income. Deferred tax is reported according to the so-called balance sheet method. Deferred tax liabilities are reported for essentially all taxable

temporary differences, and deferred tax liabilities are reported in principle for all deductible temporary differences to the extent that it is probable that the amounts can be utilized against future taxable surpluses.

Intangible fixed assets

Intangible fixed assets are reported at acquisition value less accumulated depreciation and any amortization. Amortization is made on a straight-line basis over the estimated useful life. Other intangible assets refer to acquired customer contracts. These intangible assets are amortized in accordance with the remaining maturity of the underlying contract. Amortization of intangible assets is reported in the consolidated income statement within the item "Depreciation and amortization".

The following amortization period is applied:

- Customer contracts 20 years

Tangible fixed assets

Tangible fixed assets are reported at acquisition value reduced with accumulated depreciation and write-downs. The acquisition value consists of the purchase price, expenses that are directly attributable to the acquisition to bring it into place and in condition to be used, as well as estimated expenses for dismantling and removal of the asset and restoration of the place where it is located. Additional expenses are only included in the asset or are reported as a separate asset, when it is probable that future economic benefits associated with the item will accrue to the Group and that the acquisition value for it can be measured reliably. All other costs for repairs and maintenance as well as additional expenses are reported in the income statement in the period in which they arise.

The following depreciation periods are applied:

- Motor vehicles 4–5 years
- Solar PV installations 20–25 years
- Other fixed assets 3–5 years

Financial fixed assets

Financial fixed assets consist of shares in subsidiaries, VAT receivables in the Chinese operation and deferred tax assets.

- Shares in subsidiaries are reported at acquisition value after deductions for any amortization. The acquisition value includes the purchase price paid for the shares as well as acquisition costs and estimated, not determined additional purchase price.
- The Chinese companies have a VAT receivable, which has mostly arisen when investment in solar panels has been made during the installation of each customer project. This VAT receivable is settled on an ongoing basis as the Company offsets the VAT receivable against outgoing VAT incurred when invoicing electricity to the customer.
- Deferred tax assets are calculated annually and consist for the most part of loss carried forward in the Chinese operation.

Financial instruments

Financial instruments are reported in accordance with the rules in K3, Chapter 11, which means that valuation takes place in accordance with the acquisition value. Financial instruments reported in the balance sheet include securities, accounts receivable and other receivables, accounts payable and liabilities. The instruments are reported in the balance sheet when ASAB becomes a party to the instrument's contractual terms.

Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or transferred and the group has transferred virtually all risks and benefits associated with ownership. Financial liabilities are removed from the balance sheet when the obligations have been settled or otherwise ceased. Costs for raising bond debt is accrued over the term of the loan.

Accounts receivable and other receivables

Receivables are reported as current assets with exceptions for items maturing more than 12 months after the balance sheet date, which are classified as fixed assets. Receivables are taken up to the amount that is expected to be paid after deduction for individual assessed doubtful receivables.

Loan liabilities and accounts payable

Loan liabilities are initially reported at acquisition value after deductions for transaction costs (accrued acquisition value). Differences the reported amount from the amount to be repaid at the due date,

Notes

the difference is accrued as interest expense over the term of the loan using the instrument effective interest rate. This is consistent at the due date the reported amount and the amount to be repaid. Costs for raising bond loans are accrued over term of the loan. Short-term accounts payable are reported at acquisition value.

Leasing

A financial leasing agreement is an agreement according to which the financial risks and benefits associated with the ownership of an asset are essentially transferred from the lessor to the lessee. Other leasing agreements are classified as operating leasing agreements. Leasing fees for operational leasing agreements are expensed on a straight-line basis over the leasing period, unless another systematic way better reflects the user's financial benefit over time.

Cash flow analysis

The cash flow analysis is prepared according to an indirect method. The reported cash flow only includes transactions such as entailed inflows or outflows. In addition to cash, the company classifies available balances with banks and other credit institutions as cash and cash equivalents.

Provisions

Provisions are reported when the group has an existing obligation (legal or informal) as a result of an event that has occurred, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. A provision is reviewed each balance sheet date and adjusted to reflect the best estimate of the amount required to settle the existing obligation on the balance sheet date, taking into account the risks and uncertainties associated with the obligation. When a provision is calculated by estimating the payments that are expected to be required to settle the obligation, the carrying amount corresponds to the present value of these payments.

The parent company's accounting and valuation principles

The same accounting and valuation principles are applied in the parent company as in the Group, except in the cases listed below.

Leasing

All leasing agreements where the company is the lessee are reported as operational leasing (lease agreements), regardless of whether the agreements are financial or operational. The leasing fee is reported as an expense linearly over the leasing period.

Year-end appropriations

Changes in untaxed reserves are reported as appropriations in the income statement. Group contributions are reported as appropriations. Group contribution which is submitted to a subsidiary is, however, reported as one increase in the carrying amount of the share.

Shares in subsidiaries

Shares in subsidiaries are reported at acquisition value after deduction of any write-downs. In the acquisition value includes the purchase price paid for the shares and acquisition costs. Any capital injections and group contributions are added the acquisition value when they are provided. Dividend from subsidiaries reported as income.

Equity

Equity is divided into restricted and unrestricted capital, in accordance with the Annual Accounts Act division.

Untaxed reserves

Untaxed reserves are reported with gross amounts in the balance sheet, including the deferred tax liability attributable to reserves.

NOTE 2. Estimates and assessments

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under current circumstances. The estimates for accounting purposes that result from these, will by definition rarely correspond to the actual result. The estimates and assumptions that entail a significant risk of significant adjustments in the reported values of assets and liabilities in the coming years are dealt with in outline below.

Intangible fixed assets

The Group reports intangible assets that consist of customer contracts in the Group's operation in China. An examination of whether there is a need for impairment is made when there is an indication. If such an indication exists and the decline is assessed to be permanent, the need for impairment is determined after calculation of the asset's recoverable amount, which consists of the higher of the value in use and fair value. Impairment is made if the recoverable amount is less than the carrying amount. The value in use is calculated as the present value of future payments that the Company is expected to take advantage of by using the asset. No impairment losses have been identified.

Tangible fixed assets

Solar power plants are reported at acquisition value reduced with accumulated depreciation and write-downs. The Company's applied depreciation period is based on the Company's assessment of the life of the products, and that the depreciation period correlates with the life of the customer contracts. An examination of whether there is a need for impairment is made when there is an indication. Impairment is reported in cases where the value of the facility exceeds the value of the existing underlying contract. No impairment losses have been identified.

Financial fixed assets

At each balance sheet date, the company assesses whether there is any indication of impairment in any of the group's financial fixed assets. If such an indication exists and the decline is assessed to be permanent, the need for impairment is determined after calculation of the asset's recoverable amount, which consists of the higher of the value in use and fair value. Impairment is made if the recoverable amount is less than the carrying amount. The value in use is calculated as the present value of future payments that the Company is expected to take advantage of by utilizing the asset.

Shares in subsidiaries

The group makes an annual forecast for future discounted cash flows regarding operations in China, in order to assess any need for impairment. No impairment requirements have been identified.

Notes

VAT Receivable

The Chinese companies have a VAT receivable, accounted to SEK 90.3 (88.3) million at the end of the financial year, which has mostly arisen when investment in solar panels has been made when installing customer projects. In Chinese tax legislation, VAT surpluses from the Company are not paid out, but set-off can be made against outgoing VAT when invoicing electricity to the customer. There is no time limit regarding set-off of VAT. An examination of whether there is a need for impairment is made when there is an indication. No impairment losses have been identified.

Deferred tax

Deferred tax assets

In the Chinese part of the business, there is a reported deferred tax asset regarding deficits and allowance for doubtful accounts receivable. Regarding the loss carried forward, this only applies to the Chinese subsidiaries and is expected to be utilized against accumulated profits over the next five years. Deficit deductions in China are forfeited five years after their occurrence. Regarding allowance for doubtful accounts receivable, the company estimates that these accounts receivable will be settled by customers within the next calendar year.

Deferred tax liability

In the Chinese part of the business, deferred tax liabilities are reported regarding tax overwriting of tangible fixed assets.

Accounts receivable

The Group has an accounts receivable, accounted to SEK 36.2 (23.5) million at the end of the financial year, when selling electricity to Chinese customers. The Group makes an ongoing assessment of accounts receivable, and this have resulted in a provision for bad debts, SEK 1.9 (0.5) million. The Company's assessment is that the Company's customers are financially healthy, and that payment of outstanding accounts receivable will take place.

NOTE 3. Employees

Remuneration to executive management

Proposals for remuneration to the CEO and senior executives are submitted by the remuneration committee to the board, which is the decision-making body regarding remuneration and other terms of employment for the CEO.

The CEO, Max Metelius has received remuneration of kSEK 1,632 (593) plus a variable part of kSEK 504 (103). In addition, Max Metelius has received remuneration in his position as CFO of kSEK 0 (645) plus a variable part of kSEK 0 (95). In addition to salary and, where applicable, variable salary, the CEO receives a pension provision of 30% of the fixed gross salary. Max Metelius has a notice period of six months in the event of termination by the employee and twelve months in the event of termination by the company. Max Metelius is not entitled to severance pay.

The CFO, Lars Höst, has received remuneration of kSEK 1,136 (422) plus a variable part of kSEK 120 (153). In addition to salary and, where applicable, variable salary, Lars Höst receives a pension provision of 20% of the fixed gross salary. The CFO has a notice period of six months in the event of termination by the employee and six months in the event of termination by the company. Lars Höst is not entitled to severance pay.

Legal Counsel, Cecilia Xia, has received remuneration of kSEK 805 (0) plus a variable part of kSEK 70 (0). In addition to salary and, where applicable, variable salary, Cecilia Xia receives a pension provision of 20% of the fixed gross salary. The CFO has a notice period of three months in the event of termination by the employee and three months in the event of termination by the company. Cecilia Xia is not entitled to severance pay.

CEO of the Group's Chinese subsidiaries, Gang Bao, has received remuneration of kSEK 682 (520) plus a variable part of kSEK 112 (162). No pension is paid. Gang Bao has a notice period of one month in the event of termination by the employee and six months in the event of termination by the company. Gang Bao is not entitled to severance pay.

Remuneration to the board of directors

The board's remuneration is resolved by the annual general meeting. Remuneration to the chairman of the board amounts to kSEK

300 per year and kSEK 150 for each of the other board members. A board member who has been paid by the company due to employment shall not, however, receive board remuneration, either in the parent company or another company within the Group.

Working chairman of the board, Frederic Telander received remuneration of kSEK 1,634 (661) plus a variable part of kSEK 504 (103). In addition, Frederic Telander has received remuneration in his position as CEO of kSEK 0 (704) plus a variable part of kSEK 0 (95). In addition to salary and, where applicable, variable salary, the chairman receives a pension provision of 30% of the fixed gross salary. Frederic Telander has a notice period of six months in the event of termination by Frederic Telander and twelve months in the event of termination by the company. Frederic Telander is not entitled to severance pay.

Average number of employees

	Group		Parent company	
	2021	2020	2021	2020
Men	7	11	3	2
Women	8	4	1	0
	14	14	4	2
China	11	12	0	0
Sweden	4	2	4	2
	14	14	4	2

Salaries, other benefits and social security contribution

	Group		Parent company	
	2021	2020	2021	2020
Salaries and other remuneration	9,358	5,894	6,553	3,387
Social security contribution	4,317	2,487	3,969	2,330
<i>Social security contribution, whereof pensions costs</i>	1,411	750	1,411	750
	13,675	8,381	10,522	5,716

Notes

Remuneration to executive management – Group

	2021		2020	
	Salaries and other remuneration	Pension costs	Salaries and other remuneration	Pension costs
Frederic Telander, chairman of the board	2,139	486	764	198
Whereof variable remuneration	504	0	103	0
Frederic Telander, CEO	0	0	704	183
Whereof variable remuneration	0	0	95	0
Max Metelius, CEO	2,136	519	700	204
Whereof variable remuneration	504	0	103	0
Patrick de Myunck, boardmember	150	0	103	0
Vivianne Holm, boardmember	150	0	103	0
Other executive management	2,885	406	1,902	165
Whereof variable remuneration	239	0	410	0
	7,460	1,411	4,275	750

Remuneration to executive management – Parent company

	2021		2020	
	Salaries and other remuneration	Pension costs	Salaries and other remuneration	Pension costs
Frederic Telander, chairman of the board	2,139	486	764	198
Whereof variable remuneration	504	0	103	0
Frederic Telander, CEO	0	0	704	183
Whereof variable remuneration	0	0	95	0
Max Metelius, CEO	2,136	519	700	204
Whereof variable remuneration	504	0	103	0
Patrick de Myunck, boardmember	150	0	103	0
Vivianne Holm, boardmember	150	0	103	0
Other executive management	1,978	406	1,219	165
Whereof variable remuneration	127	0	248	0
	6,553	1,411	3,592	750

Warrants program

On October 28, 2021, the Annual General Meeting resolved on four warrant programs. Two of the warrant programs are aimed at board members, one for board members in China and one for board members in Sweden. The other two warrant programs are aimed at the company's key personnel, one for key personnel in China and one for key personnel in Sweden.

The total number of warrants that have been issued in the two warrant programs corresponds to 5 percent of the share capital after the completion of the issues. This creates a potential dilution effect of 5 percent of the share capital after the completion of the issue.

Subscription of shares with the support of the warrants can take place during the period 15 November 2024 – 16 December 2024. The usual conversion terms apply to the warrants.

As a result of the warrants being transferred on market terms, no costs for employer contributions will be imposed on the company due to the warrant programs.

Change in the number of outstanding warrants in incentive programs

	2021	2020
Opening balance	0	0
Assigned	1,937,377	0
Redeemed	0	0
Forfeited / expired	0	0
Closing balance	1,937,377	0

Warrants program	Decided year	Number of warrants	Number of shares	Subscription period	Subscription price, SEK	Target group
LTIP 2021/2024 I EC	2021	542,466	542,466	241115-241216	36.45	Employees
LTIP 2021/2024 II EC	2021	406,849	406,849	241115-241216	36.45	Board of Directors
LTIP 2021/2024 I	2021	193,738	193,738	241115-241216	36.45	Employees
LTIP 2021/2024 II	2021	794,324	794,324	241115-241216	36.45	Board of Directors
		1,937,377	1,937,377			

Notes

NOTE 4. Revenue distribution by business area and geographic markets

Net revenue distributed by business area

	Group		Parent company	
	2021	2020	2021	2020
Electricity sales	117,350	86,401	0	0
Bond cost fee	0	0	0	5,484
Service fee	0	0	2,599	751
	117,350	86,401	2,599	6,235

Net revenue distributed by geographic markets

	Group		Parent company	
	2021	2020	2021	2020
China	117,350	86,401	2,599	6,235
Sweden	0	0	0	0
	117,350	86,401	2,599	6,235

Other operating income

	Group		Parent company	
	2021	2020	2021	2020
Subsidies for green electricity	35,468	51,650	0	0
Investment contribution	0	131	0	0
Exchange rate gains	16	284	16	284
Other	692	328	0	0
	36,177	52,393	16	284

Other types of income: interest income is reported in accordance with the effective interest rate method.

NOTE 5. Remuneration to the auditors

	Group		Parent company	
	2021	2020	2021	2020
PwC				
Audit assignment	1,627	1,190	348	389
Audit activities in addition to audit assignment	1,131	334	384	334
Tax advice	143	0	76	0
Other assignments	1,768	1,247	1,768	1,243
Total PwC	4,669	2,771	2,576	1,966
	4,669	2,771	2,576	1,966

NOTE 6. Depreciation and amortization

Depreciation and amortization by asset class

	Group		Parent company	
	2021	2020	2021	2020
Other intangible fixed assets	2,413	2,006	0	0
Other tangible fixed assets	762	883	4	1
Solar PV installations	46,911	36,183	0	0
	50,086	39,073	4	1

NOTE 7. Result from financial investments

	Group		Parent company	
	2021	2020	2021	2020
Interest income	149	1,839	76,403	72,957
Currency gains	143,543	31,175	59,704	31,175
Financial income	143,692	33,014	136,107	104,132
Interest expenses	-87,337	-85,656	-85,593	-82,105
Amortize of capitalized borrowing expenses	-26,800	-22,945	-15,705	-12,105
Taxes related to intragroup interest expenses	-15,784	-15,036	0	0
Currency losses	-50,700	-72,515	-49,292	-50,527
Financial expenses	-180,621	-196,152	-150,590	-144,737
Total result from financial investments	-36,929	-163,138	-14,483	-40,605

Notes

NOTE 8. Tax on profit for the year

	Group		Parent company	
	2021	2020	2021	2020
Current tax	2,547	-8,274	-213	474
Deferred tax	-10,047	-1,784	0	0
Sum tax	-7,499	-10,058	-213	474
Earnings before tax	23,745	-86,959	-26,071	-49,068
Tax calculated according to current tax rate	-4,891	19,729	5,371	10,501
Tax effect of non-deductible expenses	-9,947	-1,974	26	-1,799
Tax effect of non-taxable income	-206	0	0	0
Tax attributable to previous years result	5,593	474	-213	474
Non reported deferred tax	-16,676	-24,446	-5,397	-8,701
Effect of foreign tax rates	18,628	-3,841	0	0
Reported tax expense	-7,499	-10,058	-213	475

NOTE 9. Intangible fixed assets

Other intangible assets

	Group		Parent company	
	2021	2020	2021	2020
Opening balance accumulated acquisitions	45,911	48,826	0	0
Conversion difference	6,039	-2,915	0	0
Increase through company acquisition	0	0	0	0
Reclassifications	0	0	0	0
<i>Closing balance accumulated acquisitions</i>	<i>51,950</i>	<i>45,911</i>	<i>0</i>	<i>0</i>
Opening balance accumulated amortization	-3,646	-1,871	0	0
Conversion difference	-639	231	0	0
Amortization for the period	-2,413	-2,006	0	0
<i>Closing balance accumulated amortization</i>	<i>-6,698</i>	<i>-3,646</i>	<i>0</i>	<i>0</i>
Closing balance	45,252	42,265	0	0

The above table derives from customer contracts related to acquired customer contracts.

NOTE 10. Tangible fixed assets

Other tangible assets

	Group		Parent company	
	2021	2020	2021	2020
Opening balance accumulated acquisitions	4,159	3,994	23	0
Conversion difference	627	-262	0	0
Investments for the period	1,262	427	0	23
Increase through company acquisition	0	0	0	0
Disposals	0	0	0	0
Reclassifications	0	0	0	0
<i>Closing balance accumulated acquisitions</i>	<i>6,049</i>	<i>4,159</i>	<i>23</i>	<i>23</i>
Opening balance accumulated depreciation	-2,456	-1,729	-1	0
Conversion difference	-373	155	0	0
Amortization for the period	-762	-882	-4	-1
Increase through company acquisition	0	0	0	0
Disposals	0	0	0	0
Reclassifications	0	0	0	0
<i>Closing balance accumulated depreciation</i>	<i>-3,590</i>	<i>-2,456</i>	<i>-5</i>	<i>-1</i>
Closing balance	2,458	1,703	18	22

Notes

Solar PV installations

	Group		Parent company	
	2021	2020	2021	2020
Opening balance accumulated acquisitions	1,012,964	966,429	0	0
Conversion difference	152,640	-64,282	0	0
Investments for the period	230,111	30,087	0	0
Increase through company acquisition	0	0	0	0
Disposals	0	0	0	0
Reclassifications	63,646	80,730	0	0
<i>Closing balance accumulated acquisitions</i>	1,459,361	1,012,964	0	0
Opening balance accumulated depreciation	-94,757	-64,578	0	0
Conversion difference	-15,562	6,005	0	0
Amortization for the period	-46,911	-36,184	0	0
Increase through company acquisition	0	0	0	0
Disposals	0	0	0	0
Reclassifications	0	0	0	0
<i>Closing balance accumulated depreciation</i>	-157,230	-94,757	0	0
Closing balance	1,302,131	918,207	0	0

Solar PV installations under construction

	Group		Parent company	
	2021	2020	2021	2020
Opening balance accumulated acquisitions	60,521	25,279	0	0
Conversion difference	8,044	-3,830	0	0
Investments for the period	64,917	107,139	0	0
Disposals	0	0	0	0
Reclassifications	-63,646	-68,067	0	0
<i>Closing balance accumulated acquisitions</i>	69,836	60,521	0	0
Opening balance accumulated write-downs	-556	0	0	0
Conversion difference	-73	35	0	0
Write-downs for the period	0	-591	0	0
<i>Closing balance accumulated depreciation</i>	-629	-556	0	0
Closing balance	69,207	59,965	0	0

Prepayments of solar PV installations

	Group		Parent company	
	2021	2020	2021	2020
Opening balance accumulated acquisitions	0	25,396	0	0
Conversion difference	0	-7	0	0
Investments for the period	0	0	0	0
Reclassifications	0	-25,389	0	0
<i>Closing balance accumulated acquisitions</i>	0	0	0	0
Closing balance	0	0	0	0

Total tangible fixed assets

	Group		Parent company	
	2021	2020	2021	2020
Opening balance accumulated acquisitions	1,077,644	1,021,098	23	0
Conversion difference	161,312	-68,381	0	0
Investments for the period	296,291	137,653	0	23
Increase through company acquisition	0	0	0	0
Disposals	0	0	0	0
Reclassifications	0	-12,726	0	0
<i>Closing balance accumulated acquisitions</i>	1,535,246	1,077,644	23	23
Opening balance accumulated depreciation	-97,213	-66,307	-1	0
Conversion difference	-15,935	6,160	0	0
Amortization for the period	-47,673	-37,066	-4	-1
Increase through company acquisition	0	0	0	0
Disposals	0	0	0	0
Reclassifications	0	0	0	0
<i>Closing balance accumulated depreciation</i>	-160,821	-97,213	-5	-1
Opening balance accumulated write-downs	-556	0	0	0
Conversion difference	-73	35	0	0
Write-downs for the period	0	-591	0	0
<i>Closing balance accumulated write-downs</i>	-629	-556	0	0
Closing balance	1,373,796	979,875	18	22

Notes

NOTE 11. Financial assets

Shares in subsidiaries

	Parent company	
	2021	2020
Opening balance accumulated acquisitions	461,922	388,097
Additions	156,738	73,825
Closing balance accumulated acquisitions	618,660	461,922
Closing balance	618,660	461,922

Loans to group companies

	Parent company	
	2021	2020
Opening balance	726,365	655,987
Additions	0	99,204
Currency gains and losses	13,710	-28,826
Closing balance accumulated acquisitions	740,075	726,365
Closing balance	740,075	726,365

Other long-term receivables

	Group		Parent company	
	2021	2020	2021	2020
Receivables from associated companies				
Opening balance accumulated acquisitions	0	4,316	0	0
Change for the period	0	-4,316	0	0
Closing balance accumulated acquisitions	0	0	0	0
Closing balance	0	0	0	0
VAT receivables				
Opening balance accumulated acquisitions	88,271	86,675	0	0
Conversion difference	13,406	-6,606	0	0
Additions	35,445	32,060	0	0
Settlements	-40,197	-19,239	0	0
Write-off	478	-4,678	0	0
Reclassifications	-7,105	60	0	0
Closing balance accumulated acquisitions	90,297	88,271	0	0
Closing balance	90,297	88,271	0	0
Total Other long-term receivables				
Opening balance accumulated acquisitions	88,271	90,991	0	0
Conversion difference	13,433	-6,606	0	0
Additions	35,445	32,060	0	0
Settlements	-40,197	-23,555	0	0
Write-off	478	-4,678	0	0
Reclassifications	-7,105	60	0	0
Closing balance accumulated acquisitions	90,297	88,271	0	0
Closing balance	90,297	88,271	0	0

The line for reclassification derives from the classification short-term and long-term receivables, respectively.

Deferred tax assets

	Group		Parent company	
	2021	2020	2021	2020
Opening balance accumulated acquisitions	7,858	9,271	0	0
Conversion difference	566	-499	0	0
Additions	362	6,083	0	0
Settlements	0	0	0	0
Write-off	-7,437	-6,998	0	0
Closing balance accumulated acquisitions	1,349	7,858	0	0
Closing balance	1,349	7,858	0	0

Notes

Shares in subsidiaries

Company	Company number	Location	Number of shares	Capital share	Vote share	Net result	Total Equity
ST-Solar Holding AB	559228-9432	Stockholm	50,000	100%	100%	0	50
Advanced SolTech Renewable Energy (Hangzhou) Co. Ltd.	91330100MA27W37JXD	Hangzhou	400,000,000	100%	100%	36,211	530,803
Hangzhou Chengrui Power Technology Co., Ltd.	91330110397206436M	HangZhou	125,000,000	100%	100%		
Nanjing Haonan New Energy Engineering Co., Ltd.	91320117MA1NN6TQ9R	NanJing	30,000,000	100%	100%		
Wenzhou Haorui Solar Energy Engineering Co., Ltd.	91330381MA285WTK0A	RuiAn	20,000,000	100%	100%		
Taizhou Changrui New Energy Technology Co., Ltd.	91331001MA2DW43K0A	TaiZhou	10,000,000	100%	100%		
Hangzhou Changxu New Energy Engineering Co., Ltd.	91330183MA2CGUAG5N	HangZhou	10,000,000	100%	100%		
Suzhou Changhe New Energy Co., Ltd.	91341300MA2TD2CW1X	AnHui SuZhou	10,000,000	100%	100%		
Suzhou Changyu New Energy Engineering Co., Ltd.	91320581MA1XKLQT8P	SuZhou	10,000,000	100%	100%		
Jingjiang Haojing New Energy Engineering Co., Ltd.	91321282MA1X8EQ81A	JingJiang	10,000,000	100%	100%		
Suqian Haoyang Solar Energy Engineering Co., Ltd.	91321393MA1TE0Q31R	SuQian	10,000,000	100%	100%		
Ningbo Haowan New Energy Engineering Co., Ltd.	91330201MA2AFUL23A	NingBo	10,000,000	100%	100%		
Nantong Haoru Solar Energy Engineering Co., Ltd.	91320682MA1T9K3R9R	RuBu	10,000,000	100%	100%		
Shaoxing Haosheng New Energy Engineering Co., Ltd.	91330683MA29CAMG24	ShengZhou	10,000,000	100%	100%		
Shanghai Haoqu Solar Engineering Co., Ltd.	91310114MA1GTKM65C	ShangHai	10,000,000	100%	100%		
Ningbo Haoci Solar Energy Engineering Co., Ltd.	91330282MA282LK383	CiXi	10,000,000	100%	100%		
Ningbo Haofeng New Energy Engineering Co., Ltd.	91330283MA282LBX6Q	FengHua	10,000,000	100%	100%		
Huzhou Haohan Solar Energy Engineering Co., Ltd.	91330521MA28CC495J	HuZhou	10,000,000	100%	100%		
Shaoxing Haotian Solar Energy Engineering Co., Ltd.	91330604MA2886KH44	ShaoXing	10,000,000	100%	100%		
Ningbo Haori New Energy Engineering Co., Ltd.	91330212MA281GDMXK	NingBo	10,000,000	100%	100%		
Zhangjiagang Zhihe New Energy Co., Ltd.	91320582MA1UYRH893	ZhangJiaGang	5,000,000	100%	100%		
Nantong Langsheng New Energy Co., Ltd.	91320600MA1NJY1P78	NanTong	5,000,000	100%	100%		
Nanjing Yihui Energy Technology Co., Ltd.	91320117MA1UTL6BXR	NanJing	3,000,000	100%	100%		
Shaoxing Shangyu Hongji New Energy Technology Co., Ltd.	91330604MA288M8H1Q	ShaoXing	1,000,000	100%	100%		
Ningbo Haoyan New Energy Engineering Co., Ltd.	91330226MA2827CW6X	NingHai	1,000,000	100%	100%		
Ningbo Haolong Solar Energy Engineering Co., Ltd.	91330206MA28166D48	MingBo	1,000,000	100%	100%		
Huizhou Zhiyuan New Energy Co., Ltd.	91441322MA513D391X	BoLuo	500,000	100%	100%		
Shanxi Haozhiyan Solar Power Engineering Co., Ltd.	91140522MA0K6WTL1Q	JinCheng	10,000,000	95%	95%		
Shanghai Haofu New Energy Technology Co., Ltd.	91310115MA1H9K1X4W	ShangHai	10,000,000	70%	70%		
Shaoxing Changjin Solar Technology Co., Ltd.	91330600MA2889GK1P	ShaoXing	10,000,000	70%	70%		

Notes

Company	Company number	Location	Number of shares	Capital share	Vote share	Net result	Total Equity
Shaoxing Dongzhan New Energy Development Co, Ltd.	91330600MA288R6628	ShaoXing	5,000,000	70%	70%		
Shaoxing Shundian New Energy Development Co., Ltd.	913306043440848182	ShaoXing	1,666,667	70%	70%		
Shaoxing Xinkai photovoltaic power Co., Ltd	91330600MA2BDD1E8E	ShaoXing	1,000,000	100%	100%		
Zhejiang Xinrui Power Sales Co., Ltd	91330205MA284DPW6R	NingBo	20,000,000	100%	100%		
Shaoxing Huasheng new energy Co., Ltd	91330683MA2D68410B	ShaoXing	5,000,000	100%	100%		
Huai'an Hongxing New Energy Engineering Co., Ltd	91320829MA1YC6NE2T	HuaiAn	1,000,000	100%	100%		
Huai'an honghang New Energy Engineering Co., Ltd	91320829MA1Y3PKK5D	HuanAi	1,000,000	100%	100%		
Shenzhen Fanzai Longrui Electric Power Co., Ltd	91440300MA5G9MYP09	ShenZhen	1,000,000	70%	70%		
Shaoxing Shangyu Fuhong New Energy Technology Co., Ltd.	91330604MA288MHQ26	ShaoXing	1,000,000	100%	100%		
Fuyang Guoning Photovoltaic Power Generation Co., Ltd	91341204MA2RCDD099	Fuyang	5,000,000	100%	100%		
Fuyang Runquan Electricity Engineering Co., Ltd.	91341200MA2RCB991T	Fuyang	10,000,000	100%	100%		
Longrui Solar Energy (Suqian) Co. Ltd	91321300MAIYCBR74G	SuQian	240,000,000	100%	100%	12,093	109,354
Hebei Haoji New Energy Technology Co., Ltd.	91130104MA0CL09MX5	ShiJiaZhuang	5,000,000	100%	100%		
Shanxian hengneng photovoltaic power generation Co., Ltd	91371722MA3T1NCY1N	HeZe	15,000,000	100%	100%		
Wuhu zhongxinhe New Energy Technology Co., Ltd.	91340222MA2W3HHN9B	WuHu	3,000,000	100%	100%		
Tianchang Mingneng Photovoltaic Technology Co., Ltd.	91341181MA2RUC44XG	TianChang	25,000,000	100%	100%		
Wuhu Longyan New Energy Co., Ltd.	91340208MA2WENFM4G	WuHu	5,000,000	100%	100%		
Wuhu County Kaida Photovoltaic Power Co., Ltd.	91340221MA2UP3686R	WuHu	5,000,000	100%	100%		
NanLing County JinKai Photovoltaic Power Co., Ltd.	91340223MA2UP4HL5M	WuHu	5,000,000	100%	100%		
Jingdezhen Jinfei New Energy Co., Ltd.	91360206MA39BAT02M	Jingdezhen	10,000,000	100%	100%		
Wuhu QingCheng New Energy Co., Ltd.	91340207MA2W79T90K	WuHu	5,000,000	100%	100%		
Wuxi Kaiyang New Energy Co., Ltd.	91320205MA22EBG94K	Wuxi	30,000,000	100%	100%		

Notes

NOTE 12. Prepaid expenses and accrued income

	Group		Parent company	
	2021	2020	2021	2020
Prepaid rents	1,479	1,041	137	48
Accrued revenue	17,519	15,669	0	0
Prepaid share issue cost	0	5,734	0	5,734
Other prepaid expenses	1,059	2,684	274	174
	20,056	25,128	411	5,956

NOTE 13. Cash and bank balance

	Group		Parent company	
	2021	2020	2021	2020
Cash and bank balances	157,722	73,325	48,683	38,509
Bank notes	3,002	0	0	0
whereof blocked funds	50	50	50	50
	160,724	73,325	48,683	38,509

NOTE 14. Accrued expenses and prepaid income

	Group		Parent company	
	2021	2020	2021	2020
Accrued salaries	1,880	1,286	1,199	549
Accrued holiday pay debt	726	404	726	404
Accrued social security contributions	1,397	739	1,397	739
Accrued interest	23,870	24,647	23,870	23,634
Capitalized, uninvoiced expenses	33,696	0	0	0
Other accrued expenses	1,144	272	343	272
	62,713	27,348	27,535	25,598

NOTE 15. Long-term liabilities

	Group		Parent company	
	2021	2020	2021	2020
Bond loan	946,778	941,600	946,778	941,600
Capitalized borrowing costs	-34,813	-58,901	-17,008	-58,901
Liability to group companies (*)	0	27,323	0	27,323
Other long-term liabilities	68,096	34,886	28,621	0
Sum long-term liabilities	980,062	944,908	958,392	910,022
Whereof due later than 1 year and no longer than 5 years	980,062	944,908	958,392	910,022
Whereof due later than 5 years	0	0	0	0

(*) In connection with the company's IPO, Soltech Energy's shareholding decreased from subsidiaries to associated companies. Therefore, the debt to Soltech Energy has been reclassified to Other long-term liabilities as of 31 December 2021.

Specification of bond loan per 2021-12-31:

Bond loan	ISIN	Currency	Principal		Booked value MSEK	Initial issue date	Redemption day	Interest rate	Interest payment periodicity (months)
			MEUR	MSEK					
SOLT2	SE0010831313	SEK	0,0	127.7	127.7	2018-03-01	2023-02-28	8.75%	6
SOLT3	SE0011231166	SEK	0,0	148.3	148.3	2018-07-10	2023-07-09	8.75%	6
SOLT4	SE0011721380	SEK	0,0	70.4	70.4	2018-11-10	2023-11-08	8.25%	6
SOLT5 (*)	SE0012012680	EUR	27.3	0.0	279.6	2019-01-25	2023-01-25	9.00%	3
SOLT5 (**)	SE0012012698	SEK	0,0	320.8	320.8	2019-01-25	2023-01-25	9.00%	3
					946.8				

(*) The interest rate is 9.00% plus EURIBOR 90 days (if EURIBOR is negative the interest rate will be 9.00%)

(**) The interest rate is 9.00% plus STIBOR 90 days (if STIBOR is negative the interest rate will be 9.00%)

Regarding SOLT5, the company has pledged assets, see note 16.

Notes

NOTE 16. Pledged assets

In January 2019, ASAB issued its first institutional Green Bond, SOLT5. The proceeds from the bond issue have been used to finance solar panel facilities in China. SOLT5 was listed on the Nasdaq First North Sustainable Bond Market with a first trading day on March 21, 2019. The issuer must ensure that all downstream loans that ASAB provides to the Chinese subsidiaries must always be pledged with the issuer as the beneficiary:

- pledge of the solar panel facilities owned by the Chinese subsidiaries (or its relevant subsidiaries) which are then financed by the downstream loans, except for assets with minority interests
- pledge by the Chinese subsidiaries (or its relevant subsidiaries) of receivables under the energy purchase agreements relating to the installation and operation of the solar power plants financed

For own provisions and liabilities

	Group		Parent company	
	2021	2020	2021	2020
Pledged fixed assets and current assets	1,465,445	1,113,252	0	0
Loan receivable in subsidiaries	0	0	740,075	726,413
Pledged shares in subsidiaries	0	0	618,660	461,922
	1,465,445	1,113,252	1,358,735	1,188,335

NOTE 17. Adjustment items cash flow

	Koncern		Moderbolaget	
	2021	2020	2021	2020
Unrealized exchange rate differences	-10,437	-4,019	0	0
	-10,437	-4,019	0	0

NOTE 18. Related party transactions

The Group has loan liabilities to its main owner Soltech Energy Sweden AB (publ), for EUR 2,550,000, and Advanced Solar Power (Hangzhou) Inc., for CNY 18,661,650. The interest rate for the loans is three percent respectively zero percent. The following related party transactions took place during the financial year. Apart from the item charged interest, the transactions have taken place on a market basis.

The nature of the transaction	Counterpart	Group		Parent company	
		2021	2020	2021	2020
Purchase of solar panels	Advanced Solar Power (Hangzhou) Inc.	293,289	177,623	0	0
Purchase of service	Advanced Solar Power (Hangzhou) Inc.	10,755	0	0	0
Charged interest	Advanced Solar Power (Hangzhou) Inc.	0	1,449	0	0
Rental of office	Advanced Solar Power (Hangzhou) Inc.	171	182	0	0
Charged interest	SolTech Energy Sweden AB (publ)	777	781	777	781
		304,991	180,035	777	781

Notes

NOTE 19. Leasing agreements

In the consolidated accounts, the operational leasing consists of everything significantly of roof rent for some of the Group's customer agreements. Maturity is designed with the same length as the customer agreement, 20 years.

Future minimum leasing agreements to be paid regarding non-cancellable terms

	Group		Parent company	
	2021	2020	2021	2020
Due for payment within one year	3,570	3,668	653	861
Due for payment later than one year but within 3 years	6,160	6,820	597	1,407
Due for payment later than 3 years	40,485	41,593	0	0
	50,215	52,081	1,250	2,268
Leasing agreements expensed during the period	1,657	1,329	738	0

NOTE 20. Deferred tax

Temporary differences exist in cases of assets or liabilities reported and tax values are different. Temporary differences exist regarding the following items have resulted in deferred tax assets or tax liabilities. The company Deferred tax, according to the table below, applies only to the Chinese the business.

Deferred tax assets

	Group		Parent company	
	2021	2020	2021	2020
Losses carried forward	425	3,624	0	0
Provision for bad debt	923	361	0	0
Other items (*)	0	3,872	0	0
Sum of deferred tax assets	1,349	7,857	0	0

(*) Other items consists of unpaid interest, which is classified as non-deductible expense

Deferred tax liabilities, reported in the balance sheet

	Group		Parent company	
	2021	2020	2021	2020
Depreciation exceeding plan	3,367	1,936	0	0
Intangible fixed assets	6,212	5,917	0	0
Other	2,475	0	0	0
Sum of deferred tax liabilities	12,054	7,853	0	0

NOTE 21. The share

The total number of shares outstanding was 38,747,539, with a quota value of SEK 0.20 at the end of 2021. In 2021, the following took place, a split 1:50, new issue of preference shares and additional new issue in connection with the IPO on 29 October. For more information, see section "the share and shareholders".

The number of shares

	2021	2020
At the beginning of the year (*)	21,578,350	21,500,000
Share issues	17,169,189	78,350
At the end of the year	38,747,539	21,578,350

(*) Adjusted according to split 50:1, 2021-05-27

Notes

NOTE 22. Earnings per share

Earnings per share before dilution

	2021	2020
Profit for the period attributable to the parent company's ordinary shares	16,041	-98,477
Weighted number of outstanding ordinary shares	23,919,656	19,820,650
Earnings per share before dilution, SEK	0.67	-4.97

Earnings per share after dilution

	2021	2020
Profit for the period attributable to the parent company's ordinary shares	16,041	-98,477
Weighted number of outstanding ordinary shares after dilution	24,263,384	19,820,650
Earnings per share after dilution, SEK	0.66	-4.97

Dilution occurs when earnings per share are negatively affected by outstanding potential ordinary shares. As the Group's result for the year is negative, the estimated dilution effect will be positive for the shareholders. In such a case, the same amount is reported for earnings per share before dilution and after dilution.

Weighted number of outstanding ordinary shares after dilution

	2021	2020
Weighted number of outstanding ordinary shares before dilution	23,919,656	19,820,650
Effect of outstanding potential shares in the Group's incentive program	343,728	0
Weighted number of outstanding ordinary shares after dilution	24,263,384	19,820,650

NOTE 23. Proposal for profit distribution for the parent company

Proposal for profit distribution for the parent company

Retained earnings	-43,056,033
Share premium fund	567,213,453
Results for the year	-26,284,690
	497,872,730

The Board of Directors proposes that the accumulated profit be treated as follows:

Transferred to a new account SEK 497,872,730.

NOTE 24. Significant events after the end of the financial year

- The company signed three contracts amounting to an installed capacity of 6.5 MW.
- The company was awarded the prize in China as "The most influential solar investment company 2021" for the second year in a row.
- By the time of the report, additional nine MW has been installed and connected. Total installed capacity is 215 MW.

Definition of key performance measures

Net revenue

Revenues related to sales of electricity to customers and the electricity grid. Net VAT and any discounts. The measure is used because it shows ASAB's revenues from electricity sales.

Other operating income

Huvudsakligen intäkter relaterade till subsidier. I mindre utsträckning även andra intäkter såsom investeringsbidrag från kinesiska myndigheter och positiva valutaeffekter relaterade till den operationella verksamheten. Måttet används eftersom det visar ASAB:s intäkter från subsidier och andra inkomster än direkt elförsäljning.

Net revenue share of total revenue, %

Net revenue as a share of total revenue. The measure is used since it helps to assess ASAB's reliance on electricity sales in relation to other operating income, notably subsidies.

Operating profit (EBIT)

Earnings before interest and taxes. The measure is used since it provides an overview of the profitability of the operations.

EBIT margin

Earnings before interest and taxes as a percentage of total revenue. The measure is used since it shows operational profitability over time.

EBITDA

Earnings before depreciation and amortization, financial items, and taxes. The measure is used to follow up the business's results generated by the day-to-day business and facilitates comparisons of profitability between different companies and industries.

EBITDA margin

EBITDA as a percentage of total revenue. The measure is used since it shows operational profitability over time, regardless of financing, depreciation and amortization.

Interest expense

Interest expense and similar charges less amortization of capitalized borrowing costs, taxes relating to intra-group interest payments and withholding tax on interest payments from China. The measure is used since it enables assessment of whether ASAB can fulfil the commitments under its debt agreements.

Amortization of capitalised borrowing costs

The item "Interest expenses and similar income items" includes this item as part and shows the cost of amortized borrowing costs attributable to, among other things, bond loans. The measure is used since it shows ASAB's expenses related to borrowings, excluding interest expenses.

Result per share

Profit after tax divided by the weighted average total of shares in the period.

Interest-bearing debt

The sum of current and non-current portion of bond debt, liabilities to credit institutions, liabilities to Group companies and other non-current interest-bearing debts. The measure is used since it shows ASAB's gross interest-bearing indebtedness.

Net interest-bearing debt

Interest-bearing debt less cash and bank balances. The measure is used because it enables assessment of whether ASAB has an appropriate financing structure and can fulfil the commitments according to its debt agreements.

Equity ratio

Equity divided by total assets per closing balance for each reporting period. The measure is used since it helps to assess ASAB's financial stability.

Installed capacity, MW

Maximum amount of electric energy output that all operational solar energy plants in ASAB's portfolio can produce, expressed in megawatts. The measure is used since it helps to assess ASAB's earnings capacity.

Electricity produced, kWh millions

Electric energy generated by all operational solar energy plants in ASAB's portfolio and sold to customers over the period, expressed in millions of kilowatt hours. The measure is used because it allows for comparison of sold volumes over time, as ASAB's customers are invoiced per kWh of electricity used.

Signed agreements, MW

Planned installed capacity of all signed contracts in ASAB's project pipeline. The measure is used since it helps to assess ASAB's future earnings capacity and required investments from its near-term project pipeline.

Average remaining contract length, years

Average remaining contract length for Rooftop Agreements across all of ASAB's installed solar energy installations. The measure is used since it helps assess the remaining contract value in ASAB's portfolio of solar energy installations.

