

# 2022



Annual Report



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### COMPANY INFORMATION

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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 2022 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 18 employees, of which x are employees in the parent company with headquarters in Stockholm. The local operating subsidiaries, Advanced SolTech Renewable Energy (Hangzhou) Co. Ltd (ASRE), Suqian Ruiyan New Energy Co., Ltd. and Longrui Solar Energy (Suqian) Co. Ltd (SQ), with 14 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 2022, ASAB had a portfolio of 174 electricity-generating solar energy installations with a total capacity of 250.1 MW, and the business model has become commercially viable. 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 125,00 tonnes in CO2 emissions in 2022.

# 174

electricity-generating solar energy installations

# 250.1

total capacity, MW

**ASAB – electricity-generated output, millions of kWh**



# The year in brief

## New orders and strategic agreements

The Company signed 25 contracts representing total installed capacity of 60.5 MW. Advanced Soltech has entered into strategic agreements in Zhangjiakou and Boshan regarding building rights of 400MW.

## Signed orders at the end of the year

At the end of 2022, the Company had 37 (54) MW in signed orders.

## Produced electricity

During the year, 200.4 (172.2) million kWh were generated, reducing China's CO2-related emissions by approximately 125,000 (107,000) tonnes. See table showing kWh generated from 2017 to 2022.

## New installed capacity

The Company installed a total of 43.6 (29.9) MW of roof-mounted solar energy installations and at year-end had 250.1 (206.5) MW installed, revenue-generating capacity.

## Share Issue

In connection with a new issue of shares, the Company received SEK 18.0 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

|  | 220101-221231 | 210101-211231 |
|--|---------------|---------------|
| <b>Financial Key performance measures (*)</b>          |               |               |
| Total revenue  | 203,849       | 153,526       |
| Net revenue  | 156,972       | 117,350       |
| Net revenue share of total revenue                     | 77%           | 76%           |
| EBIT   | 79,428        | 60,674        |
| EBIT%  | 39%           | 40%           |
| EBITDA   | 149,115       | 110,759       |
| EBITDA%  | 73%           | 72%           |
| Amortization of capitalised borrowing costs            | 27,793        | 26,800        |
| Interest expenses                                      | 94,308        | 87,085        |
| Earnings per share for the period before dilution, SEK | neg           | 0.67          |
| Earnings per share for the period after dilution, SEK  | neg           | 0.66          |

## Operational Key performance measures (\*)

|  |         |         |
|--|---------|---------|
| Produced electricity, millions of kWh              | 200     | 172     |
| Reduction of China's CO2-related emissions, tonnes | 125,000 | 107,000 |

|   | 2022-12-31 | 2021-12-31 |
|---|------------|------------|
| <b>Key financial performance indicators</b> |            |            |
| Interest-bearing debt                       | 1,127,561  | 1,031,130  |
| Interest-bearing net debt                   | 1,066,767  | 870,406    |
| Equity ratio                                | 26%        | 28%        |
| Equity ratio, rolling 12 months             | 30%        | -          |

## Operational Key performance measures

|  |       |       |
|--|-------|-------|
| Installed capacity, MW                   | 250.1 | 206.5 |
| Average remaining contract length, years | 16.8  | 17.9  |
| Signed orders, MW                        | 37    | 54    |

(\*) For definitions of key performance measures, see chapter "Definitions"

**79,428**  
EBIT, SEK thousands

**200**  
Electricity generated, kWh millions

**26%**  
Equity/assets ratio



## Comments from the CEO

# The restart of China has begun and will be powerful

We continue to expand our capacity and by the end of 2022 have reached 250 MW of revenue-generating solar installations installed on our customers' rooftops in China. It is a result we are proud of, not least considering the challenges that the COVID restrictions in China have brought.



## Comments from the CEO

During the year, we also signed two new strategic cooperation agreements with construction possibilities of 300 MW in Zhangjiakou and 100 MW in Boshan. Zhangjiakou is a city in northern China with approximately 4 million inhabitants located in a region with very good solar radiation and many large industrial buildings. It provides very good profitability for investments in solar energy plants. For Advanced Soltech, the expansion in Zhangjiakou means reduced financial risk in the business through further geographic diversification, and the strategic agreements will be an important part of our continued expansion. During the year, we have signed 24 new orders for solar energy plants comprising 60 MW. There are plenty of business opportunities and projects with profitability that reach our financial target of 12-15 percent.

»The climate benefit from our installations is fantastic and during 2022 we have reduced the emissions of carbon dioxide by approx. 125,000 tons.«

The climate benefit from our installations is fantastic and during 2022 we have reduced the emissions of carbon dioxide by approx. 125,000 tons, which corresponds to approximately one fifth of the state industrial giant LKAB's annual emissions. Investing in renewable energy in China is an extremely effective climate improvement measure as we replace coal-based electricity generation with clean solar energy.

The process of refinancing outstanding bonds issued in 2018 and 2019 continues. The new financing replacing the outstanding bonds will be raised in China. We hold dialogues with several potential financiers who show great interest. Investments in the renewable sector will be prioritized by the Chinese state, both from an environmental and climate perspective, as well as due to the need for new capacity to produce electricity.

Ongoing dialogues with financiers have, after evaluation, resulted in us now working focused on two parallel tracks. The first track is a syndicated bank loan and the second, a financial leasing solution. We have come a long way in the processes and assess that we have a good refinancing solution in place before the month of July 2023. In January 2023, after the consent of our bondholders, we extended two bonds. The bonds had original maturities in January and February of the same year and were extended

to July 2023. The purpose of the extension is to have time to complete ongoing dialogues with the financiers. The delay in the refinancing process is due to COVID and the restrictions this has brought about in China, as well as the complexity of the transaction with lenders in China and bond holders in Sweden. When the new financing is secured, we will have a markedly improved profitability due to lower interest costs and will then be able to focus on the expansion of new projects. Another positive effect of taking up loans in China is that the currency risk is reduced because we will have assets, liabilities, income and costs in the same currency.

After a period of protests, all COVID restrictions were released in China in January 2023. After three years of partial and sometimes total closure of society, a period of recovery is now beginning. The restart of China has begun and will be powerful.

Solar energy continues to grow strongly in China. Energy security is a theme brought to the fore by Russia's invasion of Ukraine. Solar energy is a renewable energy source that provides extensive environmental benefits and helps reduce China's dependence on fossil fuels. There are currently attempts to trade emission rights in China, and if they turn out well, it could include all renewable producers of electricity. We experience strong support from the Chinese state for our work.

»Energy security is a theme brought to the fore by Russia's invasion of Ukraine.«

Renewable energy will be a focus area in the restart of China's economy after three years on the back-burner. This year, approximately 150 GW of solar energy is expected to be installed in China, equivalent to 150 nuclear reactors in power. China accounts for approximately 50 percent of the entire world's new installations of solar energy and Advanced Soltech is well positioned to be able to grow together with the market. We are in an exciting market a crucial time.

**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.

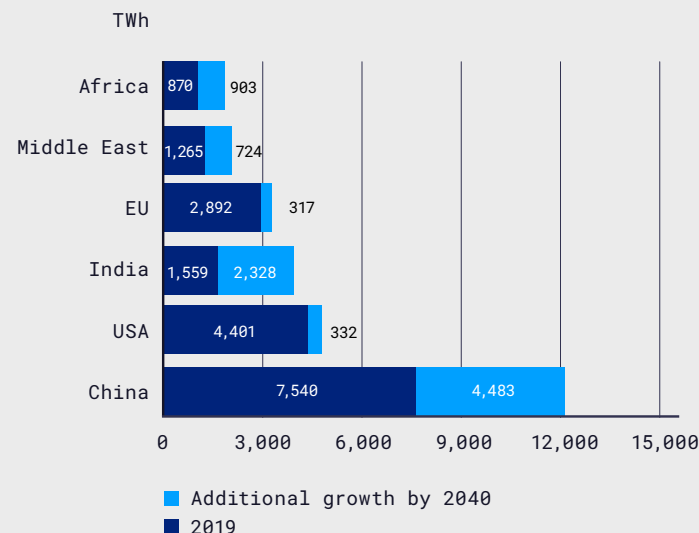
The background to this increase in electricity generation is China's rapid and dynamic economic development and industrialisation in

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.

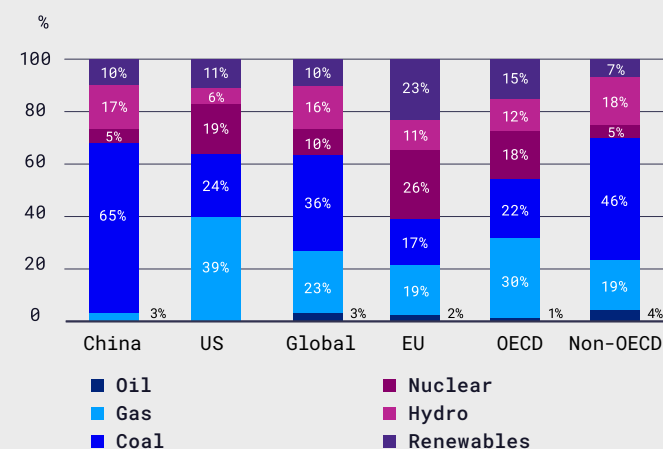
One of the main factors driving the advance of the alternative energy market in China is a growing awareness of and consensus on environmental and climate challenges. Over time, China's political leadership has also taken several decisions to reduce its dependence on coal. The "30–60 Target" requires 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



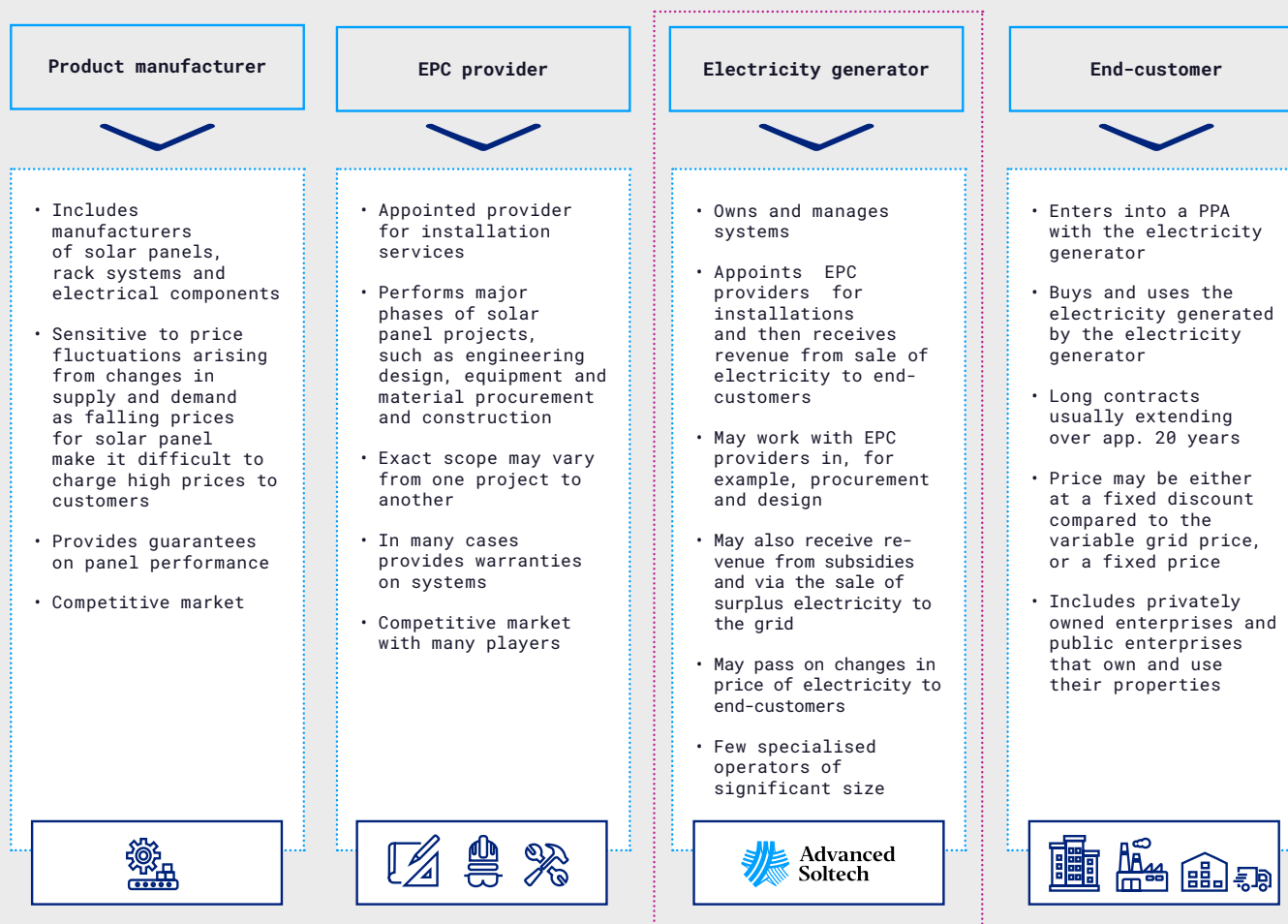
# Vision

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



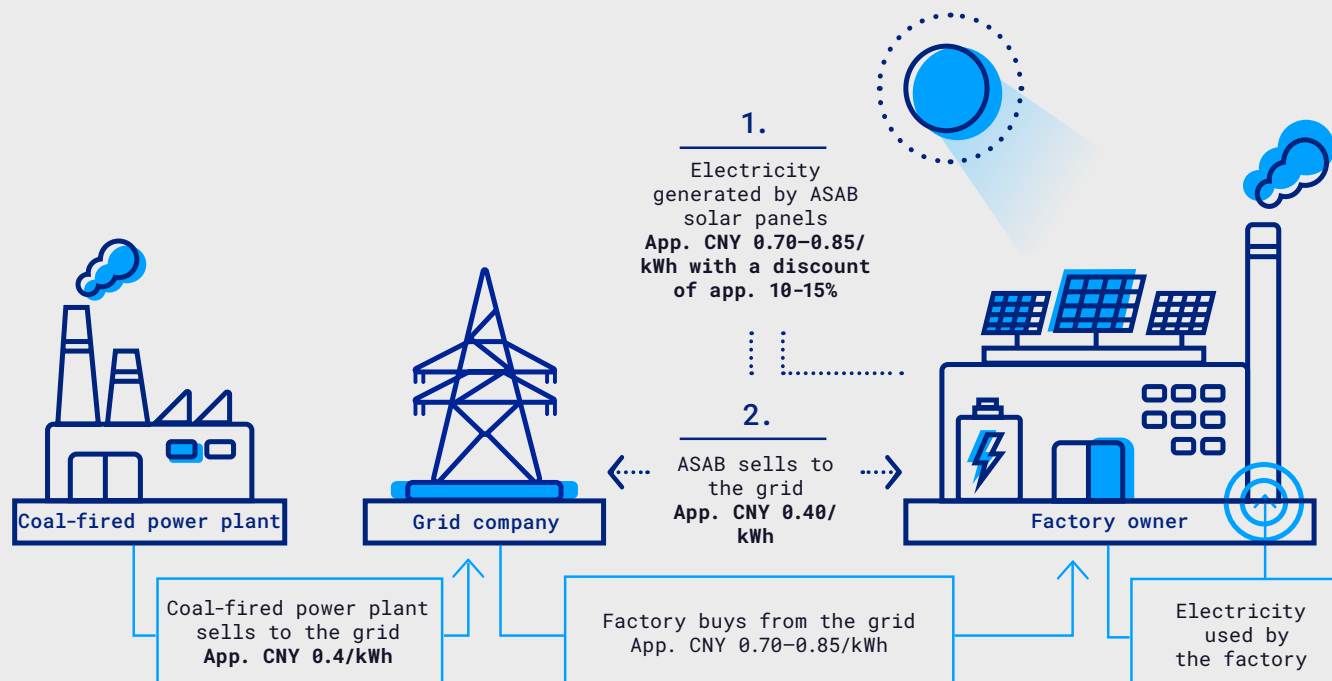
# Business model

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.

# Financial targets

## 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.



# 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

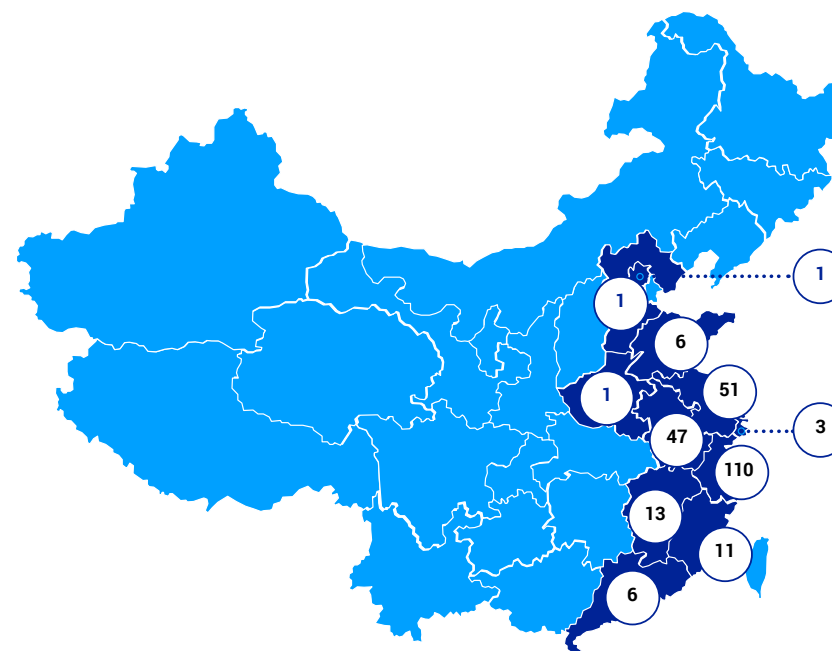
electricity with a lower environmental impact, while creating an image linked to sustainable development. In return, ASAB receives a long-term, predictable cash flow.

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, 2022



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 163 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.

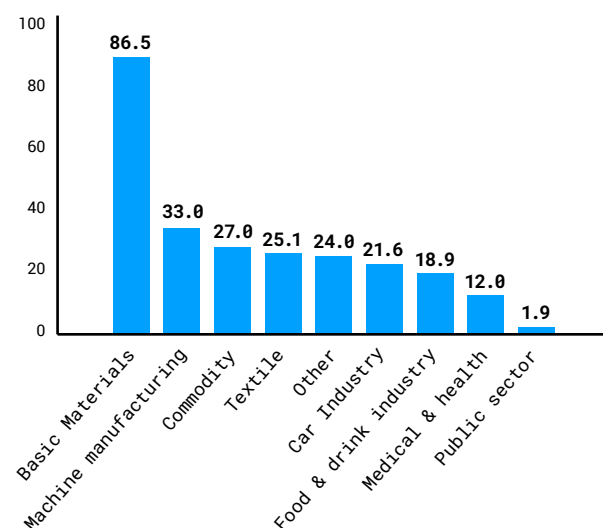
### Outlook

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

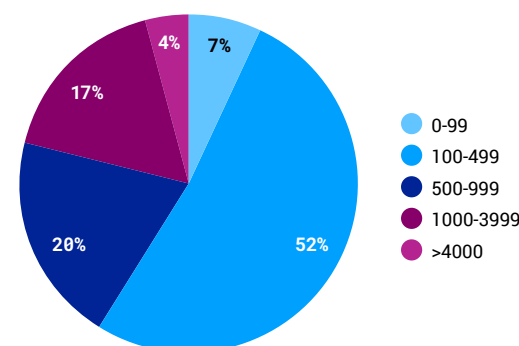
generation, is highly regulated and dependent on permits and ultimately political decisions.

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**







# 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 2022 alone, ASAB installed solar energy systems with a total capacity of 43.6 MW. This means that since its inception in 2015, ASAB has installed systems with a total capacity of 250.1 MW. During 2022, the systems together generated 200 million kWh, reducing China's CO<sub>2</sub>-related emissions by approximately 125,000 tonnes.

## The EU's Taxonomy Regulation

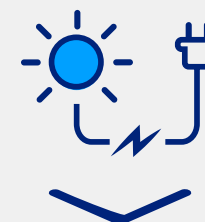
The EU's Taxonomy Regulation is a framework for deciding which economic activities should be considered environmentally sustainable. The aim of the regulation is to help investors identify and compare environmentally sustainable investments via a common classification system.



**Reduced air pollution through solar energy system:**

**200 million kWh**

Renewable electricity



**54,500 tonnes**  
Fewer carbon particles

**6,000 tonnes**  
Fewer sulphur particles

**3,000 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,<br>SEK 000 | Share of<br>taxonomy-<br>eligible<br>economic<br>activities | Share of<br>non-<br>taxonomy-<br>eligible<br>economic<br>activities |
|-----------|-------------------|---|---|
| Net sales | 156,972           | 100.0%  | 0.0%  |
| Capex     | 359,201           | 99.7%   | 0.3%  |
| Opex      | 124,274           | 15.4%   | 84.6%   |

### 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.



# 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:** 22,004 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 in Soltech Energy Sweden AB (publ), Hexicon 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:** 32,000 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 SolTech 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:** 22,004 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 2022 was 39,640,390. In 2022, a new share issue was carried out. See the share capital development in the table.

| Progress of share capital                | Date                  | Share capital (SEK) | Number of shares (*) |
|--|-----------------------|---------------------|----------------------|
| Opening balance                          | January 2020          | 500,000             | 5,000                |
| Share issue                              | February 2020         | 3,800,000           | 38,000               |
| Split 1:10                               | May 2020              | 0                   | 387,000              |
| Share issue of preference shares (*)     | October-November 2020 | 15,670              | 1,567                |
| Split 1:50                               | May 2021              | 0                   | 21,146,783           |
| Share issue of preference shares (*)     | July/September 2021   | 7,090               | 35,450               |
| Share issue in conjunction with IPO (**) | November 2021         | 3,426,748           | 17,133,739           |
| Share issue                              | June 2022             | 178,570             | 892,851              |
| <b>Closing balance</b>                   |                       | <b>7,928,078</b>    | <b>39,640,390</b>    |

(\*) 1 preference share counts as 1 ordinary share

(\*\*) Preference shares converted into ordinary shares

## Trading on the First North Growth Market

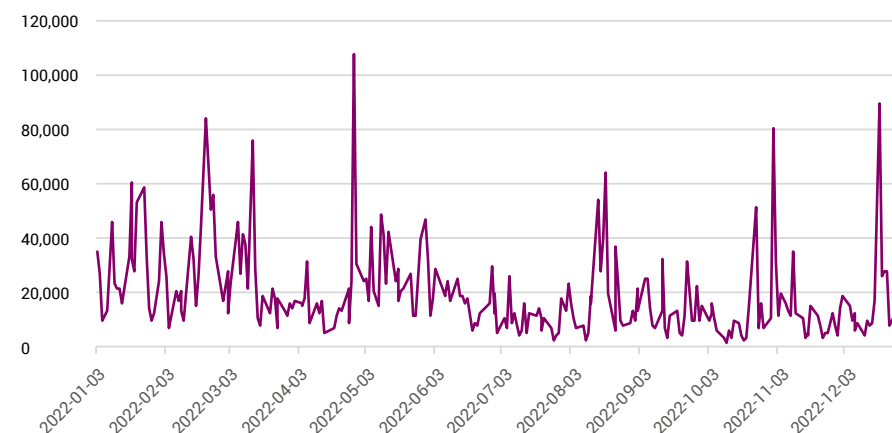
During the period 1 January to 31 December, a total of 5 million shares were traded. On average, 19 818 shares were traded per trading day.

The share price at the end of 2021 was SEK 46.30. The highest price paid during the year was SEK 50.50 and the closing price on 31 December 2022 was SEK 18.74, indicating a market cap of approximately SEK 743 million.

ASAB share, closing price per day (SEK)



ASAB share, volume per trading day (SEK)





### Owner Changes in share capital

The total number of shareholders on 31 December 2022 was more than 21,000. Soltech Energy AB was the largest shareholder with 28.69 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 the financial year 2022.

### Lock-up

In connection with the IPO, the following lock-up commitment have been agreed, and is still valid per 31 December 2022.

- The existing shareholders, Soltech and ASP, shares prior to the IPO: 29/10/2023.

### Largest shareholders

|                                    | Number of<br>shares | Share of equity | Share of votes |
|------------------------------------|---------------------|-----------------|----------------|
| SolTech Energy Sweden AB (publ.)   | 11 373 941          | 28,69%          | 28,69%         |
| Advanced Solar Power Hangzhou Inc. | 10 943 940          | 27,61%          | 27,61%         |
| Isac Brandberg AB                  | 1 816 665           | 4,58%           | 4,58%          |
| The World We Want Foundation       | 1 033 199           | 2,61%           | 2,61%          |
| Gryningskust Holding               | 525 131             | 1,32%           | 1,32%          |
| Avanza Pension                     | 507 951             | 1,28%           | 1,28%          |
| Cozios Enterprises                 | 425 925             | 1,07%           | 1,07%          |
| Futur Pension                      | 255 045             | 0,64%           | 0,64%          |
| Swedbank Försäkring                | 248 593             | 0,63%           | 0,63%          |
| Hökerum Kapitalförvaltning         | 215 277             | 0,54%           | 0,54%          |
| Övriga                             | 12 294 723          | 31,02%          | 31,02%         |
|                                    | <b>39 640 390</b>   | <b>100,00%</b>  | <b>100,00%</b> |

# 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.

At the time of issuing this report, the company does not have new completed financing that covers the capital required to refinance the company's SOLT2 and SOLT5 bonds, as well as the growth that the company anticipates in 2023. However, the company is in advanced negotiations with financiers and intends to complete such financing before the end of the half year 2023.

### 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

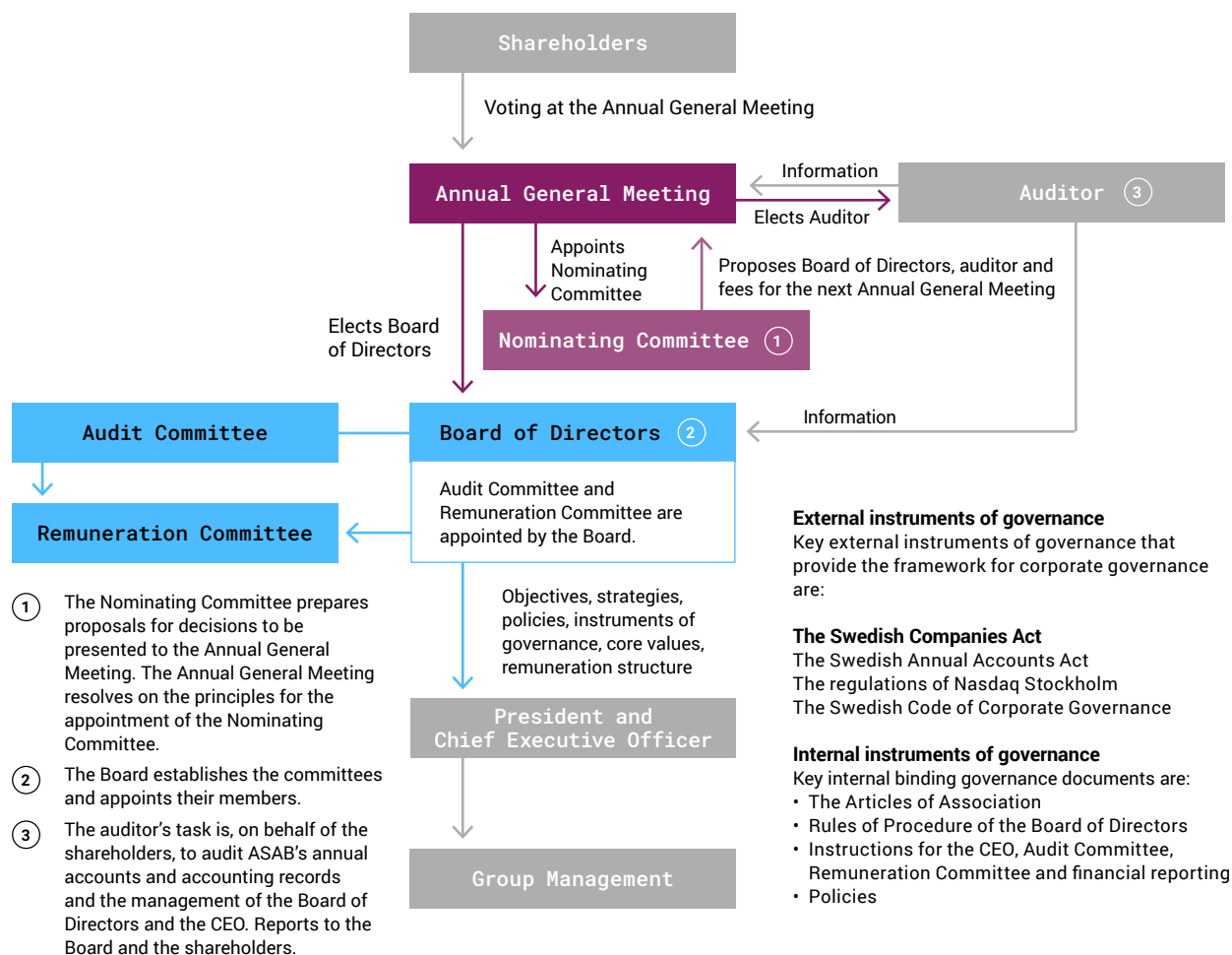
External instruments of governance include the Swedish Companies Act, the Swedish Annual Accounts Act and Nasdaq Stockholm's Regulations for Issuers.

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

## Overview of 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 2022 was 39,640,390.

## 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.com](http://www.advancedsoltech.com). 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 2022

The AGM was held on May, 19th 2022 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 Teland, Stefan Ölander, Ben Wu, Gang Bao, Vivianne Holm and Patrick de Muynck
- decision of a new company name
- election of the auditing firm Ernst & Young AB as auditor. The auditing firm advised that Anfers Rodén is the lead auditor.
- the auditing firm advised that Anfers Rodén 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

## Annual General Meeting 2023

The 2023 AGM will be held on June, 15th 2023.

## 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 last business day in September) 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](mailto: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 May, 19th 2022, 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 May, 19th 2022, 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.

### 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.

The Board appoints the members of the Committees.

#### 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 May, 19th 2021, the authorised firm of public accountants Ernst & Young AB was appointed as auditor until the end of the Annual General Meeting 2023. Anders Rodéhn 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 2022.

## 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
- Suqian Ruiyan New Energy Co., Ltd
- ST-Solar Holding AB

The 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 2022

- Advanced Soltech enters into a strategic agreement in ZhuoLu regarding 300 MW of roof-top based solar facilities until 2024.
- The company raised SEK 18.0 million before deductions for issue costs in new issues of preference shares.
- The company signed 25 (40) contracts amounting to a total installed capacity of 60.5 (69.6) MW.
- In 2022, the company installed a total of 43.6 (29.9) MW of roof-based solar energy plants and had 250.1 (206.5) MW installed and revenue-generating capacity at the end of the year.
- During the year, 200.4 (172.2) million kWh were produced, an increase with 16%, which reduced China's CO2-related emissions by approximately 125,000 (107,000) tons.
- At the end of 2022, the company had 37 (54) MW in signed orders.
- The company was awarded the prize in China as "The most influential solar investment company 2021" for the second year in a row.
- The number of employees at the end of the year was 18 (14), of which 14 (10) in China.
- The company requests an extension of the bonds, SOLT5 and SOLT2.

### Revenues for the Group for the full year 2022

- Revenues amounted to SEK 203.8 (153.5) million, an increase of 33 percent compared with the previous year. The increase is due to a larger installed base of solar energy plants. Currency effects also had a positive effect on revenues of SEK 20.5 million.
- Net sales have increased with 34 percent from SEK 117.4 million to SEK 157.0 million. Currency effects had a positive effect on revenues of SEK 15.9 million.
- Other operating income has increased from SEK 36.2 million to SEK 46.9 million. The increase is due, among other things, to

insurance compensation of SEK 2.8 million and extra contributions of SEK 3.6 million. Currency effects had a positive effect on revenues of SEK 4.7 million.

- According to the company's estimate, the effects of the Corona pandemic affected the company's revenue by SEK -4.2 (-4.2) million.

### Result for the Group for the full year 2022

- Operating expenses amounted to SEK 124.4 (92.9) million, an increase of 34 percent. The largest items to the increase are that costs for depreciation according to plan, maintenance, roof rents and insurance premiums of solar energy plants have increased, as well as a negative currency effect of SEK 9.8 million.
- Operating profit amounted to SEK 79.4 (60.7) million, an increase of 31 percent compared with the previous year.
- Interest expenses and similar income items amounted to SEK 134.9 (129.9) million. Behind the figure is an increased interest rate for the SOLT5 bond loan, and increased interest costs for financing in China, and a negative currency effect amounted SEK 3.1 million.
- Exchange rate difference amounted to SEK 20.1 (92.8) million and was mainly attributable to a change in SEK against CNY (-5.9 percent since December 31st, 2021) respectively SEK against EUR (-8.8 percent). For the same period last year, the change was for SEK against the CNY (-13.2 percent since December 31st, 2020) respectively SEK against EUR (-1.9 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 -29.1 (16.2) million.



### Cash flow for the Group for the full year 2022

- The Group's total cash flow amounted to SEK -106.4 (78.4) million.
- Current operations generated a cash flow of SEK 176.8 (104.3) million, where the largest change consists of an increase of accounts payable.
- Investment activities generated a cash flow of SEK -304.6 (-299.2) million, which for the most part consists of investment in ongoing and new solar panels, SEK -359.2 (-296.3) million. For the current year, the Chinese authorities, in order to stimulate the economy, have paid out large parts of the company's VAT receivables.
- Financing activities generated a cash flow of SEK 21.3 (273.2) million. During the second quarter, the company carried out a share issue, which yielded SEK 16.7 million. The company's bank loans in China have been changed by SEK 6.0 million.

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

- Total assets amounted to SEK 1,973 (1,753) million.
- Tangible fixed assets amounted to SEK 1,724 (1,374) million, which for the most part consists of solar energy plants.
- Financial fixed assets amounted to SEK 49 (92) million, which mainly consists of VAT receivables, which arose when the company invested in ongoing and new solar energy plants. During the first half of the year, Chinese authorities have paid out large parts of the company's VAT claim.
- Cash and bank amounted to SEK 61 (161) million.
- Equity amounted to SEK 521 (499) million.
- Long-term liabilities amounted to SEK 74 (980) million, consisting of loans from the two main owners and one smaller external loan. Compared to previous year, the bond loans SOLT2, SOLT3, SOLT4 and SOLT5 were reclassified to current liabilities.
- Current liabilities amounted to SEK 1 365 (261) million, where the largest items consist of bond loans, accounts payable as well as accrued expenses for interest and installation projects.

### Events after the end of the period

- Advanced Soltech's bonds SOLT2 and SOLT5 are extended to 2023-07-09 in accordance with the company's request.
- The company signed three contracts amounting to an installed capacity of 13.5 MW.
- The company has appointed Johan Edin as the new CFO of the company, taking office no later than August 2023. Johan succeeds Lars Höst, who is retiring

### THE PARENT COMPANY

- Total revenue amounted to SEK 3.4 (2.6) million, mainly invoiced service to the Chinese subsidiaries.
- Operating expenses amounted to SEK 16.9 (14.3) million. The increase consists of costs for refinancing SEK 0.9 million, Nasdaq/Certified advisor SEK 0.5 million, other consultations regarding name change, IFRS analysis etc. SEK 0.6 million and audit SEK 0.4 million.
- Operating profit amounted to -13.5 (-11.7) MSEK.
- Interest income and similar income items amounted to SEK 77.0 (76.4) million, and mostly consist of transactions within the group.
- Interest expenses and similar income items amounted to SEK 105.6 (101.3) million. The increase is due to STIBOR and EURI-BOR increasing for the second half of the year.
- Exchange rate difference amounted to SEK 44.2 (10.4) million.
- Profit after tax amounted to SEK 2.1 (-26.3) million.

### OWNER INFORMATION

The company's largest owners as of December 31<sup>st</sup> are:

|                                    | Number of shares | Capital share | Vote share |
|------------------------------------|------------------|---------------|------------|
| SolTech Energy Sweden AB (publ.)   | 11,373,941       | 28.69%        | 28.69%     |
| Advanced Solar Power Hangzhou Inc. | 10,943,940       | 27.61%        | 27.61%     |

### PROPOSAL FOR PROFIT DISTRIBUTION

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

|                     |                    |
|---------------------|--------------------|
| Retained earnings   | -69,340,725        |
| Share premium fund  | 583,780,753        |
| Profit for the year | 2,084,490          |
| <b>Total (SEK)</b>  | <b>516,524,508</b> |

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

|                              |                 |
|------------------------------|-----------------|
| Transferred to a new account | SEK 516,524,508 |
|------------------------------|-----------------|

# Multi-year overview

## Group

| (SEK 000')                                  | 220101-<br>221231 | 210101-<br>211231 | 200101-<br>201231 | 190101-<br>191231 |
|---|-------------------|-------------------|-------------------|-------------------|
| Total revenue                               | 203,849           | 153,526           | 138,794           | 105,000           |
| Net revenue share of total revenue          | 77%               | 76%               | 62%               | 58%               |
| EBIT  | 79,428            | 60,674            | 76,179            | 60,849            |
| EBIT%                                       | 39%               | 40%               | 55%               | 58%               |
| EBITDA                                      | 149,115           | 110,759           | 115,251           | 90,158            |
| EBITDA%                                     | 73%               | 72%               | 83%               | 86%               |
| Amortization of capitalised borrowing costs | 27,793            | 26,800            | 22,945            | 12,926            |
| Interest expenses                           | 94,308            | 87,085            | 85,656            | 61,851            |
| Average number of employees                 | 16                | 14                | 14                | 13                |
|   |                   |                   |                   |                   |
| (SEK 000')                                  | 2022-12-31        | 2021-12-31        | 2020-12-31        | 2019-12-31        |
| Interest-bearing debt                       | 1,127,561         | 1,031,130         | 977,322           | 948,570           |
| Equity ratio                                | 26%               | 28%               | 16%               | 15%               |

## Parent company

| (SEK 000')                  | 220101-<br>221231 | 210101-<br>211231 | 200101-<br>201231 | 190101-<br>191231 | 180101-<br>181231 | 170101-<br>171231 |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| EBIT                        | -13,488           | -11,658           | -8,465            | -4,775            | 443               | -9,080            |
| Average number of employees | 4                 | 4                 | 2                 | 2                 | 0                 | 0                 |
|                             |                   |                   |                   |                   |                   |                   |
|                             | 2022-12-31        | 2021-12-31        | 2020-12-31        | 2019-12-31        | 2018-12-31        | 2017-12-31        |
| Total assets                | 1,556,227         | 1,491,927         | 1,267,849         | 1,080,145         | 435,564           | 75,634            |
| Equity ratio                | 34%               | 34%               | 24%               | 19%               | 2%                | 7%                |

## Group reports

# Income Statement

| (SEK 000')                                 | Note  | 220101-<br>221231 | 210101-<br>211231 |
|--|-------|-------------------|-------------------|
| Net revenue                                |       | 156,972           | 117,350           |
| Other operating income                     |       | 46,877            | 36,177            |
| <b>Total revenue</b>                       | 1, 4  | <b>203,849</b>    | <b>153,526</b>    |
| <b>Operating expenses</b>                  |       |                   |                   |
| Other external expenses                    | 5, 21 | -40,016           | -28,351           |
| Personnel expenses                         | 1, 3  | -14,718           | -14,169           |
| Depreciation, amortization and write-downs | 1, 6  | -69 687           | -50,086           |
| Other operating expenses                   |       | 0                 | -247              |
| <b>Total operating expenses</b>            |       | <b>-124 421</b>   | <b>-92,853</b>    |
| <b>Operating profit / EBIT</b>             |       | <b>79 428</b>     | <b>60,674</b>     |

| (SEK 000')  | Note | 220101-<br>221231 | 210101-<br>211231 |
|---|------|-------------------|-------------------|
| <b>Result from financial items</b>                                    | 1, 7 |                   |                   |
| Interest income and similar income items                              |      | 409               | 149               |
| Interest expenses and similar charges                                 |      | -134,944          | -129,920          |
| Currency gains and losses   |      | 20,051            | 92,843            |
| <b>Profit after financial items</b>                                   |      | <b>-35,056</b>    | <b>23,745</b>     |
| <b>Tax</b>  | 1, 8 | <b>5,972</b>      | <b>-7,499</b>     |
| <b>The result for the period</b>                                      |      | <b>-29,084</b>    | <b>16,246</b>     |
| Attributable to the parent company's owners                           |      | -29,426           | 16,041            |
| Minority interest   |      | 342               | 205               |
| Earnings per share for the period before dilution, SEK                | 24   | neg               | 0.67              |
| Earnings per share for the period after dilution, SEK                 | 24   | neg               | 0.66              |
| Weighted average number of outstanding ordinary shares                | 24   | 39,228,686        | 23,919,656        |
| Weighted average number of outstanding ordinary shares after dilution | 24   | 41,166,063        | 24,263,384        |



## Group reports

# Balance Sheet

| (SEK 000')                                | Note         | 2022-12-31       | 2021-12-31       |
|---|--------------|------------------|------------------|
| <b>ASSETS</b>                             |              |                  |                  |
| <b>Fixed assets</b>                       |              |                  |                  |
| <b>Intangible fixed assets</b>            |              |                  |                  |
| Intangible fixed assets                   | 1, 2, 9      |                  |                  |
| Other intangible assets                   |              | 45,180           | 45,253           |
| <b>Total intangible fixed assets</b>      |              | <b>45,180</b>    | <b>45,253</b>    |
| <b>Tangible fixed assets</b>              |              |                  |                  |
| Tangible fixed assets                     | 1, 2, 10, 20 |                  |                  |
| Solar PV installations                    |              | 1,595,681        | 1,302,133        |
| Solar PV installations under construction |              | 125,899          | 69,205           |
| Other tangible assets                     |              | 2,734            | 2,458            |
| <b>Total tangible fixed assets</b>        |              | <b>1,724,314</b> | <b>1,373,796</b> |
| <b>Financial assets</b>                   |              |                  |                  |
| Other long-term receivables               | 2, 11        | 42,590           | 90,297           |
| Deferred tax assets                       | 1, 2, 22     | 6,421            | 1,349            |
| <b>Total financial fixed assets</b>       |              | <b>49,011</b>    | <b>91,646</b>    |
| <b>Total fixed assets</b>                 |              | <b>1,818,505</b> | <b>1,510,695</b> |

| (SEK 000')                          | Note | 2022-12-31       | 2021-12-31       |
|-------------------------------------|------|------------------|------------------|
| <b>Current assets</b>               |      |                  |                  |
| <b>Short-term receivables</b>       |      |                  |                  |
| Accounts receivables                | 2    | 36,371           | 36,233           |
| Other receivables                   |      | 25,932           | 25,197           |
| Prepaid expenses and accrued income | 12   | 31,485           | 20,056           |
| <b>Total current receivables</b>    |      | <b>93,788</b>    | <b>81,486</b>    |
| <b>Cash and bank balances</b>       |      |                  |                  |
| Cash and bank balances              | 13   | 60,794           | 160,724          |
| <b>Total cash and bank balances</b> |      | <b>60,794</b>    | <b>160,724</b>   |
| <b>Total current assets</b>         |      | <b>154,582</b>   | <b>242,210</b>   |
| <b>TOTAL ASSETS</b>                 |      | <b>1,973,087</b> | <b>1,752,905</b> |

## Group reports

# Balance Sheet, continued

| (SEK 000')   | Note       | 2022-12-31     | 2021-12-31     |
|--|------------|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>                          |            |                |                |
| <b>Equity</b>  |            |                |                |
| Share capital  | 23         | 7,928          | 7,750          |
| Additional paid in capital                             |            | 569,427        | 552,860        |
| Retained earnings including profit/loss for the period |            | -56,445        | -61,155        |
| <i>Equity related to:</i>                              |            |                |                |
| Owners of the parent company                           |            | 514,025        | 491,946        |
| Minority interest in equity                            |            | 6,885          | 7,509          |
| <b>Total equity</b>                                    |            | <b>520,910</b> | <b>499,455</b> |
| <b>Provisions</b>                                      |            |                |                |
| Deferred tax liability                                 | 1, 2, 22   | 12,928         | 12,054         |
| <b>Total provisions</b>                                |            | <b>12,928</b>  | <b>12,054</b>  |
| <b>Non-current liabilities</b>                         |            |                |                |
| Other non-current liabilities                          | 15         | 73,782         | 68,096         |
| Bond loan  | 15, 16, 17 | 0              | 911,966        |
| <b>Total non-current liabilities</b>                   |            | <b>73,782</b>  | <b>980,062</b> |

| (SEK 000')                          | Note   | 2022-12-31       | 2021-12-31       |
|-------------------------------------|--------|------------------|------------------|
| <b>Current liabilities</b>          |        |                  |                  |
| Liabilities to credit institutions  | 18     | 55,563           | 46,814           |
| Bond Loan                           | 16, 17 | 963,358          | 0                |
| Accounts payable                    |        | 227,521          | 130,478          |
| Tax liabilities                     |        | 783              | 3,247            |
| Other current liabilities           |        | 13,082           | 18,083           |
| Accrued expenses and prepaid income | 14     | 105,160          | 62,713           |
| <b>Total current liabilities</b>    |        | <b>1,365,467</b> | <b>261,335</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b> |        | <b>1,973,087</b> | <b>1,752,905</b> |

## Group reports

# Changes in equity

### 220101-221231

| (SEK 000')              | Share capital | Other contributed equity | Translation reserve | Retained earnings including profit for the period | Total          | Minority share | Total equity   |
|-------------------------|---------------|--------------------------|---------------------|---|----------------|----------------|----------------|
| Opening balance         | 7,750         | 552,860                  | 37,570              | -106,234  | 491,946        | 7,509          | 499,455        |
| Result for the period   | 0             | 0                        | 0                   | -29,426   | -29,426        | 342            | -29,084        |
| Translation differences | 0             | 0                        | 34,760              | 0   | 34,760         | 440            | 35,200         |
| Rights issue            | 179           | 17,761                   | 0                   | 0   | 17,940         | 0              | 17,940         |
| Issue cost              | 0             | -1,194                   | 0                   | 0   | -1,194         | 0              | -1,194         |
| Dividends               | 0             | 0                        | 0                   | 0   | 0              | -1,406         | -1,406         |
| <b>Closing balance</b>  | <b>7,928</b>  | <b>569,427</b>           | <b>72,330</b>       | <b>-135,660</b>                                   | <b>514,025</b> | <b>6,885</b>   | <b>520,910</b> |

### 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           |
| <b>Closing balance</b>  | <b>7,750</b>  | <b>552,860</b>           | <b>37,570</b>       | <b>-106,234</b>                                   | <b>491,946</b> | <b>7,509</b>   | <b>499,455</b> |



## Group reports

# Statement of cash flow

| (SEK 000')                                  | Note | 220101-<br>221231 | 210101-<br>211231 |
|---|------|-------------------|-------------------|
| <b>Cash flows from operating activities</b> |      |                   |                   |
| Operating profit                            |      | 79,428            | 60,674            |
| Depreciation, amortization and write-downs  |      | 69,687            | 50,086            |
| Other non-cash items                        | 19   | 6,838             | -10,437           |
|   |      | <b>155,953</b>    | <b>100,323</b>    |
| Interest received                           |      | 409               | 149               |
| Interest paid                               |      | -108,965          | -92,640           |
| Income tax paid                             |      | -1,509            | -2,662            |
|   |      | <b>-110,065</b>   | <b>-95,153</b>    |
| Change in accounts receivables              |      | 1,985             | -9,006            |
| Change in other short-term receivables      |      | -13,563           | 6,219             |
| Change in accounts payables                 |      | 111,563           | 62,364            |
| Change in other current liabilities         |      | 30,955            | 39,594            |
| <b>Cash flow from working capital</b>       |      | <b>130,940</b>    | <b>99,171</b>     |
| <b>Cash flow from operating activities</b>  |      | <b>176,828</b>    | <b>104,341</b>    |

| (SEK 000')  | Note | 220101-<br>221231 | 210101-<br>211231 |
|---|------|-------------------|-------------------|
| <b>Cash flows from investing activities</b>         |      |                   |                   |
| Investments in tangible fixed assets                |      | -359,201          | -296,291          |
| Investments in other financial assets               |      | 54,607            | -2,868            |
| <b>Net cash used in investing activities</b>        |      | <b>-304,594</b>   | <b>-299,159</b>   |
| <b>Cash flows from financing activities</b>         |      |                   |                   |
| Share issue   |      | 17,940            | 268,829           |
| Share issue cost                                    |      | -1,194            | -44,485           |
| Net proceeds from new loans                         |      | 70,594            | 46,814            |
| Repayment of loans                                  |      | -64,586           | 0                 |
| Payment of warrants                                 | 3    | 0                 | 2,712             |
| Dividends to minority interest                      |      | -1,406            | -639              |
| <b>Cash flow from financing activities</b>          |      | <b>21,348</b>     | <b>273,231</b>    |
| Cash flow for the period                            |      | -106,418          | 78,413            |
| Translation difference in cash and cash equivalents |      | 6,488             | 8,986             |
| Cash and cash equivalents, beginning of period      |      | 160,724           | 73,325            |
| <b>Cash and cash equivalents, end of period</b>     | 13   | <b>60,794</b>     | <b>160,724</b>    |

## Parent company's reports

# Income Statement

| (SEK 000')                                 | Note  | 220101-<br>221231 | 210101-<br>211231 |
|--|-------|-------------------|-------------------|
| <b>REVENUE</b>                             |       |                   |                   |
| Net revenue                                |       | 3,366             | 2,599             |
| Other operating income                     |       | 0                 | 16                |
| <b>Total revenue</b>                       | 1, 4  | <b>3,366</b>      | <b>2,615</b>      |
| <b>OPERATING EXPENSES</b>                  |       |                   |                   |
| Other external expenses                    | 5, 21 | -5,551            | -3,005            |
| Personnel expenses                         | 1, 3  | -11,298           | -11,016           |
| Depreciation, amortization and write-downs | 1, 6  | -5                | -5                |
| Other operating expenses                   |       | 0                 | -247              |
| <b>Total operating expenses</b>            |       | <b>-16,854</b>    | <b>-14,273</b>    |
| <b>Operating profit / EBIT</b>             |       | <b>-13,488</b>    | <b>-11,658</b>    |
| <b>RESULT FROM FINANCIAL ITEMS</b>         |       |                   |                   |
|  | 1, 7  |                   |                   |
| Interest income and similar income items   |       | 76,982            | 76,403            |
| Interest expenses and similar charges      |       | -105,649          | -101,298          |
| Currency gains and losses                  |       | 44,168            | 10,412            |
| <b>Profit after financial items</b>        |       | <b>2,013</b>      | <b>-26,141</b>    |
| Group contributions                        |       | 71                | 69                |
| <b>Profit before tax</b>                   |       | <b>2,084</b>      | <b>-26,072</b>    |
| Tax  | 1, 8  | 0                 | -213              |
| <b>Result for the period</b>               |       | <b>2,084</b>      | <b>-26,285</b>    |

## Parent company's reports

# Balance Sheet

| (SEK 000')                          | Note         | 2022-12-31       | 2021-12-31       |
|-------------------------------------|--------------|------------------|------------------|
| <b>ASSETS</b>                       |              |                  |                  |
| <b>Fixed assets</b>                 |              |                  |                  |
| <b>Tangible fixed assets</b>        | 1, 2, 10, 20 |                  |                  |
| Equipment, tools and installations  |              | 48               | 18               |
| <b>Financial assets</b>             |              | <b>48</b>        | <b>18</b>        |
| <b>Financial assets</b>             |              |                  |                  |
| Shares in group companies           | 2, 11        | 698,410          | 618,660          |
| Receivables from group companies    | 1, 2, 22     | 805,305          | 740,075          |
| <b>Total financial fixed assets</b> |              | <b>1,503,715</b> | <b>1,358,735</b> |
| <b>Total fixed assets</b>           |              | <b>1,503,763</b> | <b>1,358,753</b> |
| <b>Current assets</b>               |              |                  |                  |
| <b>Receivables</b>                  |              |                  |                  |
| Receivables from group companies    |              | 49,842           | 83,447           |
| Other receivables                   |              | 672              | 633              |
| Prepaid expenses and accrued income |              | 715              | 411              |
| <b>Total current receivables</b>    | 12           | <b>51,229</b>    | <b>84,491</b>    |
| <b>Cash and bank balances</b>       |              |                  |                  |
| Cash and bank balances              |              | 1,235            | 48,683           |
| <b>Total cash and bank balances</b> | 13           | <b>1,235</b>     | <b>48,683</b>    |
| <b>Total current assets</b>         |              | <b>52,464</b>    | <b>133,174</b>   |
| <b>TOTAL ASSETS</b>                 |              | <b>1,556,227</b> | <b>1,491,927</b> |

| (SEK 000')                          | Note       | 2022-12-31       | 2021-12-31       |
|-------------------------------------|------------|------------------|------------------|
| <b>EQUITY AND LIABILITIES</b>       |            |                  |                  |
| <b>Equity</b>                       |            |                  |                  |
| <i>Restricted equity</i>            |            |                  |                  |
| Share capital                       | 23         | 7,928            | 7,750            |
| <i>Unrestricted equity</i>          |            |                  |                  |
| Additional paid in capital          |            | 583,779          | 567,213          |
| Retained earnings                   |            | -69,339          | -43,056          |
| Profit (loss) for the year          |            | 2,084            | -26,285          |
| <b>TOTAL EQUITY</b>                 |            | <b>524,452</b>   | <b>505,622</b>   |
| <b>Long-term liabilities</b>        |            |                  |                  |
| Bond loan                           | 15, 16, 17 | 0                | 929,771          |
| Onther non-current liabilities      | 15         | 31,995           | 28,621           |
| <b>Total long-term liabilities</b>  |            | <b>31,995</b>    | <b>958,392</b>   |
| <b>Current liabilities</b>          |            |                  |                  |
| Bond loan                           | 16, 17     | 970,120          | 145              |
| Accounts payable                    |            | 15               | 145              |
| Other current liabilities           |            | 200              | 233              |
| Accrued expenses and prepaid income | 14         | 29,445           | 27,535           |
| <b>Total current liabilities</b>    |            | <b>999,780</b>   | <b>27,913</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b> |            | <b>1,556,227</b> | <b>1,491,927</b> |



## Parent company's reports

# Changes in equity

220101-221231

|                        | Restricted equity | Unrestricted equity |                    |                       | Total equity   |
|------------------------|-------------------|---------------------|--------------------|-----------------------|----------------|
|                        | Share capital     | Retained earnings   | Share premium fund | Result for the period |                |
| (SEK 000')             |                   |                     |                    |                       |                |
| Opening balance        | 7,750             | -43,054             | 567,211            | -26,285               | 505,622        |
| Disposition of results | 0                 | -26,285             | 0                  | 26,285                | 0              |
| Rights issue           | 179               | 0                   | 17,761             | 0                     | 17,940         |
| Issue cost             | 0                 | 0                   | -1,194             | 0                     | -1,194         |
| Result for the period  | 0                 | 0                   | 0                  | 2,084                 | 2,084          |
| <b>Closing balance</b> | <b>7,928</b>      | <b>-69,339</b>      | <b>583,779</b>     | <b>2,084</b>          | <b>524,452</b> |

210101-211231

|                        | Restricted equity | Unrestricted equity |                    |                       | Total equity   |
|------------------------|-------------------|---------------------|--------------------|-----------------------|----------------|
|                        | Share capital     | Retained earnings   | Share premium fund | Result for the period |                |
| (SEK 000')             |                   |                     |                    |                       |                |
| 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        |
| <b>Closing balance</b> | <b>7,750</b>      | <b>-43,054</b>      | <b>567,211</b>     | <b>-26,285</b>        | <b>505,622</b> |

# 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 Advanced Soltech Sweden AB (publ) 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

In the group, there is only operational leasing. Leasing fees in the case of operational leasing agreements, expenses are expensed linearly 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 agreement), regardless of

whether the agreements are financial Notes or operational. The leasing fee is reported as an expense linearly over the lease term.

### 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, 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

Accounts receivable occurs 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 3.2 (1.9) million. The Company's assessment is that the Company's customers are financially healthy, and that payment of outstanding accounts receivable will take place.

### Going concern assumption

A basic accounting principle is the so-called principle of going concern where the parent company and the group's financial statements are prepared based on the assumption of continued operations.

Since the company does not have a fully completed contracted

financing to cover the financing need that arises in 2023 in connection with the payments of the current bond loans of SEK 971 million (see note 16), the company has made assessments regarding the company's ability to sign such financing in 2023 when it assumes continued operation. Based on the financing work that has been carried out, the management and the board believe that new financing to ensure the implementation of the company's business plan in the coming years will likely be possible in 2023. Important parameters in this assessment have been assessed as financing needs based on liquidity forecasts for 2023, work in progress with new financiers as well as the company's current and expected profit development during the year. If the company does not succeed in obtaining new financing, the company considers that there is a significant uncertainty regarding continued operation in its current form.

## 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 1,871 (1,632) plus a variable part of kSEK 0 (504). 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 1,151 (1,136) plus a variable part of kSEK 94 (120). 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 939 (805) plus a variable part of kSEK 44 (70). 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 814 (682) plus a variable part of kSEK 135 (112). 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 400 per year and kSEK 200 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 1,989 (1,634) plus a variable part of kSEK 0 (504). 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 |          |
|--------|-----------|-----------|----------------|----------|
|        | 2022      | 2021      | 2022           | 2021     |
| Men    | 7         | 7         | 3              | 3        |
| Women  | 9         | 8         | 1              | 1        |
|        | <b>16</b> | <b>14</b> | <b>4</b>       | <b>4</b> |
| China  | 12        | 11        | 0              | 0        |
| Sweden | 4         | 4         | 4              | 4        |
|        | <b>16</b> | <b>14</b> | <b>4</b>       | <b>4</b> |

## Notes

### Salaries, other benefits and social security contribution

|  | Group         |               | Parent company |               |
|--|---------------|---------------|----------------|---------------|
|  | 2022          | 2021          | 2022           | 2021          |
| Salaries and other remuneration                      | 9,628         | 9,358         | 6,562          | 6,553         |
| Social security contribution                         | 4,553         | 4,317         | 4,199          | 3,969         |
| Social security contribution, whereof pensions costs | 1,747         | 1,411         | 1,747          | 1,411         |
|  | <b>14,181</b> | <b>13,675</b> | <b>10,761</b>  | <b>10,522</b> |

### Remuneration to executive management – Group

|  | 2022                            |               | 2021                            |               |
|--|---------------------------------|---------------|---------------------------------|---------------|
|  | Salaries and other remuneration | Pension costs | Salaries and other remuneration | Pension costs |
| Frederic Telander, chairman of the board | 1,989                           | 567           | 2,139                           | 486           |
| Whereof variable remuneration            | 0                               | 0             | 504                             | 0             |
| Max Metelius, CEO                        | 1,871                           | 596           | 2,136                           | 519           |
| Whereof variable remuneration            | 0                               | 0             | 504                             | 0             |
| Patrick de Myunck, boardmember           | 179                             | 0             | 150                             | 0             |
| Vivianne Holm, boardmember               | 179                             | 0             | 150                             | 0             |
| Stefan Ölander, boardmember (*)          | 117                             | 0             | 0                               | 0             |
| Other executive management               | 3,312                           | 585           | 2,885                           | 406           |
| Whereof variable remuneration            | 273                             | 0             | 239                             | 0             |
|  | <b>7,647</b>                    | <b>1,747</b>  | <b>7,460</b>                    | <b>1,411</b>  |

### Remuneration to executive management – Parent company

|  | 2022                            |               | 2021                            |               |
|--|---------------------------------|---------------|---------------------------------|---------------|
|  | Salaries and other remuneration | Pension costs | Salaries and other remuneration | Pension costs |
| Frederic Telander, chairman of the board | 1,989                           | 567           | 2,139                           | 486           |
| Whereof variable remuneration            | 0                               | 0             | 504                             | 0             |
| Max Metelius, CEO                        | 1,871                           | 596           | 2,136                           | 519           |
| Whereof variable remuneration            | 0                               | 0             | 504                             | 0             |
| Patrick de Myunck, boardmember           | 179                             | 0             | 150                             | 0             |
| Vivianne Holm, boardmember               | 179                             | 0             | 150                             | 0             |
| Stefan Ölander, boardmember (*)          | 117                             | 0             | 0                               | 0             |
| Other executive management               | 2,228                           | 585           | 1,978                           | 406           |
| Whereof variable remuneration            | 138                             | 0             | 127                             | 0             |
|  | <b>6 562</b>                    | <b>1 747</b>  | <b>6 553</b>                    | <b>1 411</b>  |

(\*) In addition to board fees, Stefan Ölander, through companies, invoiced SEK 100,000 for other services rendered. invoiced SEK 100,000 for other services rendered.

### 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 4.89 percent of the share capital after the completion of the issues. This creates a potential dilution effect of 4.89 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

|                     | 2022             | 2021             |
|---------------------|------------------|------------------|
| Opening balance     | 1,937,377        | 0                |
| Assigned            | 0                | 1,937,377        |
| Redeemed            | 0                | 0                |
| Forfeited / expired | 0                | 0                |
| Closing balance     | <b>1,937,377</b> | <b>1,937,377</b> |

| 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 |
|                      |              | <b>1,937,377</b>   | <b>1,937,377</b> |                     |                         |                    |



## Notes

### NOTE 4. Revenue distribution by business area and geographic markets

#### Net revenue distributed by business area

|                   | Group          |                | Parent company |              |
|-------------------|----------------|----------------|----------------|--------------|
|                   | 2022           | 2021           | 2022           | 2021         |
| Electricity sales | 156,972        | 117,350        | 0              | 0            |
| Service fee       | 0              | 0              | 3,366          | 2,599        |
|                   | <b>156,972</b> | <b>117,350</b> | <b>3,366</b>   | <b>2,599</b> |

#### Net revenue distributed by geographic markets

|        | Group          |                | Parent company |              |
|--------|----------------|----------------|----------------|--------------|
|        | 2022           | 2021           | 2022           | 2021         |
| China  | 156,972        | 117,350        | 3,366          | 2,599        |
| Sweden | 0              | 0              | 0              | 0            |
|        | <b>156,972</b> | <b>117,350</b> | <b>3,366</b>   | <b>2,599</b> |

#### Other operating income

|                                 | Group         |               | Parent company |           |
|---------------------------------|---------------|---------------|----------------|-----------|
|                                 | 2022          | 2021          | 2022           | 2021      |
| Subsidies for green electricity | 43,496        | 35,468        | 0              | 0         |
| Investment contribution         | 196           | 0             | 0              | 0         |
| Insurance Compensation          | 2,768         | 119           | 0              | 0         |
| Exchange rate gains             | 0             | 16            | 0              | 16        |
| Other                           | 416           | 573           | 0              | 0         |
|                                 | <b>46,877</b> | <b>36,177</b> | <b>0</b>       | <b>16</b> |

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 |              |
|--|--------------|--------------|----------------|--------------|
|  | 2022         | 2021         | 2022           | 2021         |
| <b>E&amp;Y</b>                                   |              |              |                |              |
| Audit assignment                                 | 2,637        | 0            | 530            | 0            |
| Audit activities in addition to audit assignment | 25           | 0            | 25             | 0            |
| Tax advice                                       | 106          | 0            | 106            | 0            |
| Other assignments                                | 0            | 0            | 0              | 0            |
| <b>Total E&amp;Y</b>                             | <b>2,768</b> | <b>0</b>     | <b>661</b>     | <b>0</b>     |
| <b>PwC</b>                                       |              |              |                |              |
| Audit assignment                                 | 165          | 1,627        | 165            | 348          |
| Audit activities in addition to audit assignment | 9            | 1,131        | 9              | 384          |
| Tax advice                                       | 540          | 143          | 10             | 76           |
| Other assignments                                | 6            | 1,768        | 6              | 1,768        |
| <b>Total PwC</b>                                 | <b>720</b>   | <b>4,669</b> | <b>190</b>     | <b>2,576</b> |
|  | <b>3,488</b> | <b>4,669</b> | <b>851</b>     | <b>2,576</b> |

### NOTE 6. Depreciation, amortization and write-downs

#### Depreciation, amortization and write-downs by asset class

|                               | Group         |               | Parent company |          |
|-------------------------------|---------------|---------------|----------------|----------|
|                               | 2022          | 2021          | 2022           | 2021     |
| Other intangible fixed assets | 2,723         | 2,413         | 0              | 0        |
| Other tangible fixed assets   | 898           | 762           | 5              | 5        |
| Solar PV installations        | 66,065        | 46,911        | 0              | 0        |
|                               | <b>69,687</b> | <b>50,086</b> | <b>5</b>       | <b>5</b> |

### NOTE 7. Result from financial investments

|  | Group           |                 | Parent company  |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2022            | 2021            | 2022            | 2021            |
| Interest income                                | 409             | 149             | 76,982          | 76,403          |
| Currency gains                                 | 146,059         | 143,543         | 146,059         | 59,704          |
| <b>Financial income</b>                        | <b>146,468</b>  | <b>143,692</b>  | <b>223,041</b>  | <b>136,107</b>  |
| Interest expenses                              | -94,308         | -87,337         | -89,944         | -85,593         |
| Amortize of capitalized borrowing expenses     | -27,793         | -26,800         | -15,705         | -15,705         |
| Taxes related to intragroup interest expenses  | -12,843         | -15,784         | 0               | 0               |
| Currency losses                                | -126,008        | -50,700         | -101,890        | -49,292         |
| <b>Financial expenses</b>                      | <b>-260,952</b> | <b>-180,621</b> | <b>-207,539</b> | <b>-150,590</b> |
| <b>Total result from financial investments</b> | <b>-114,484</b> | <b>-36,929</b>  | <b>15,502</b>   | <b>-14,483</b>  |

## Notes

### NOTE 8. Tax on profit for the year

|  | Group        |               | Parent company |             |
|--|--------------|---------------|----------------|-------------|
|  | 2022         | 2021          | 2022           | 2021        |
| Current tax                                  | 1,145        | 2,547         | 0              | -213        |
| Deferred tax                                 | 4,827        | -10,047       | 0              | 0           |
| <b>Sum tax</b>                               | <b>5,972</b> | <b>-7,499</b> | <b>0</b>       | <b>-213</b> |
|  |              |               |                |             |
| Earnings before tax                          | -35,055      | 23,745        | 2,084          | -26,071     |
| Tax calculated according to current tax rate | 7,221        | -4,891        | -429           | 5,371       |
| Tax effect of non-deductible expenses        | -5,575       | -9,947        | -4,192         | 26          |
| Tax effect of non-taxable income             | -2,772       | -206          | 0              | 0           |
| Tax attributable to previous years result    | 1,145        | 5,593         | 0              | -213        |
| Tax effect of losses carry forward           | 5,012        | 0             | 0              | 0           |
| Non reported deferred tax                    | 3,422        | -16,676       | 4,621          | -5,397      |
| Effect of foreign tax rates                  | -2,297       | 18,628        | 0              | 0           |
| Other  | -185         | 0             | 0              | 0           |
| <b>Reported tax expense</b>                  | <b>5,972</b> | <b>-7,499</b> | <b>0</b>       | <b>-213</b> |

### NOTE 9. Intangible fixed assets

|   | Group         |               | Parent company |          |
|---|---------------|---------------|----------------|----------|
|   | 2022          | 2021          | 2022           | 2021     |
| Opening balance accumulated acquisitions        | 51,950        | 45,911        | 0              | 0        |
| Conversion difference                           | 3,043         | 6,039         | 0              | 0        |
| Increase through company acquisition            | 0             | 0             | 0              | 0        |
| Reclassifications                               | 0             | 0             | 0              | 0        |
| <i>Closing balance accumulated acquisitions</i> | <i>54,993</i> | <i>51,950</i> | <i>0</i>       | <i>0</i> |
| Opening balance accumulated amortization        | -6,698        | -3,646        | 0              | 0        |
| Conversion difference                           | -392          | -639          | 0              | 0        |
| Amortization for the period                     | -2,723        | -2,413        | 0              | 0        |
| <i>Closing balance accumulated amortization</i> | <i>-9,813</i> | <i>-6,698</i> | <i>0</i>       | <i>0</i> |
| <b>Closing balance</b>                          | <b>45,180</b> | <b>45,252</b> | <b>0</b>       | <b>0</b> |

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

### NOTE 10. Tangible fixed assets

|   | Group         |               | Parent company |           |
|---|---------------|---------------|----------------|-----------|
|   | 2022          | 2021          | 2022           | 2021      |
| Opening balance accumulated acquisitions        | 6,048         | 4,159         | 23             | 23        |
| Conversion difference                           | 353           | 627           | 0              | 0         |
| Investments for the period                      | 1,031         | 1,262         | 35             | 0         |
| Sales/disposals                                 | 0             | 0             | 0              | 0         |
| <i>Closing balance accumulated acquisitions</i> | <i>7,432</i>  | <i>6,048</i>  | <i>58</i>      | <i>23</i> |
| Opening balance accumulated depreciation        | -3,591        | -2,456        | -5             | -1        |
| Conversion difference                           | -210          | -373          | 0              | 0         |
| Amortization for the period                     | -898          | -762          | -5             | -4        |
| Sales/disposals                                 | 0             | 0             | 0              | 0         |
| <i>Closing balance accumulated depreciation</i> | <i>-4,698</i> | <i>-3,591</i> | <i>-10</i>     | <i>-5</i> |
| <b>Closing balance</b>                          | <b>2,734</b>  | <b>2,458</b>  | <b>48</b>      | <b>18</b> |

## Notes

### Solar PV installations

|   | Group            |                  | Parent company |          |
|---|------------------|------------------|----------------|----------|
|   | 2022             | 2021             | 2022           | 2021     |
| Opening balance accumulated acquisitions        | 1,459,361        | 1,012,964        | 0              | 0        |
| Conversion difference                           | 85,433           | 152,640          | 0              | 0        |
| Investments for the period                      | 2,599            | 230,111          | 0              | 0        |
| Write-downs                                     | -4,379           | 0                | 0              | 0        |
| Sales/Disposals                                 | -12,172          | 0                | 0              | 0        |
| Reclassifications                               | 289,451          | 63,646           | 0              | 0        |
| <i>Closing balance accumulated acquisitions</i> | 1,820,293        | 1,459,361        | 0              | 0        |
| Opening balance accumulated depreciation        | -157,230         | -94,757          | 0              | 0        |
| Conversion difference                           | -9,199           | -15,562          | 0              | 0        |
| Amortization for the period                     | -62,366          | -46,911          | 0              | 0        |
| Write-downs                                     | 679              | 0                | 0              | 0        |
| Sales/Disposals                                 | 3,501            | 0                | 0              | 0        |
| Reclassifications                               | 0                | 0                | 0              | 0        |
| <i>Closing balance accumulated depreciation</i> | -224,615         | -157,230         | 0              | 0        |
| <b>Closing balance</b>                          | <b>1,595,679</b> | <b>1,302,131</b> | <b>0</b>       | <b>0</b> |

### Solar PV installations under construction

|   | Group          |               | Parent company |          |
|---|----------------|---------------|----------------|----------|
|   | 2022           | 2021          | 2022           | 2021     |
| Opening balance accumulated acquisitions        | 69 836         | 60 521        | 0              | 0        |
| Conversion difference                           | 4 080          | 8 044         | 0              | 0        |
| Investments for the period                      | 355 571        | 64 917        | 0              | 0        |
| Sales/disposals                                 | -13 470        | 0             | 0              | 0        |
| Reclassifications                               | -289 451       | -63 646       | 0              | 0        |
| <i>Closing balance accumulated acquisitions</i> | 126 567        | 69 836        | 0              | 0        |
| Opening balance accumulated write-downs         | -629           | -556          | 0              | 0        |
| Conversion difference                           | -37            | -73           | 0              | 0        |
| Write-downs for the period                      | 0              | 0             | 0              | 0        |
| <i>Closing balance accumulated depreciation</i> | -666           | -629          | 0              | 0        |
| <b>Closing balance</b>                          | <b>125 901</b> | <b>69 207</b> | <b>0</b>       | <b>0</b> |

### Total tangible fixed assets

|   | Group            |                  | Parent company |           |
|---|------------------|------------------|----------------|-----------|
|   | 2022             | 2021             | 2022           | 2021      |
| Opening balance accumulated acquisitions        | 1 535 246        | 1 077 644        | 23             | 23        |
| Conversion difference                           | 89 866           | 161 311          | 0              | 0         |
| Investments for the period                      | 359 202          | 296 291          | 35             | 0         |
| Write-downs                                     | -4 379           | 0                | 0              | 0         |
| Sales/disposals                                 | -25 642          | 0                | 0              | 0         |
| Reclassifications                               | 0                | 0                | 0              | 0         |
| <i>Closing balance accumulated acquisitions</i> | 1 954 292        | 1 535 246        | 58             | 23        |
| Opening balance accumulated depreciation        | -160 821         | -97 213          | -5             | -1        |
| Conversion difference                           | -9 409           | -15 935          | 0              | 0         |
| Depreciation for the period                     | -63 264          | -47 673          | -5             | -4        |
| Write-downs                                     | 679              | 0                | 0              | 0         |
| Sales/disposals                                 | 3 501            | 0                | 0              | 0         |
| Reclassifications                               | 0                | 0                | 0              | 0         |
| <i>Closing balance accumulated depreciation</i> | -229 313         | -160 821         | -10            | -5        |
| Opening balance accumulated write-downs         | -629             | -556             | 0              | 0         |
| Conversion difference                           | -37              | -73              | 0              | 0         |
| Write-downs for the period                      | 0                | 0                | 0              | 0         |
| <i>Closing balance accumulated write-downs</i>  | -666             | -629             | 0              | 0         |
| <b>Closing balance</b>                          | <b>1 724 313</b> | <b>1 373 796</b> | <b>48</b>      | <b>18</b> |

## Notes

### NOTE 11. Financial assets

#### Shares in subsidiaries

|  | Parent company |                |
|--|----------------|----------------|
|  | 2022           | 2021           |
| Opening balance accumulated acquisitions | 618,660        | 461,922        |
| Additions                                | 79,750         | 156,738        |
| Closing balance accumulated acquisitions | 698,410        | 618,660        |
| <b>Closing balance</b>                   | <b>698,410</b> | <b>618,660</b> |

#### Loans to group companies

|  | Parent company |                |
|--|----------------|----------------|
|  | 2022           | 2021           |
| Opening balance                          | 740,075        | 726,365        |
| Additions                                | 0              | 0              |
| Currency gains and losses                | 65,231         | 13,710         |
| Closing balance accumulated acquisitions | 805,306        | 740,075        |
| <b>Closing balance</b>                   | <b>805,306</b> | <b>740,075</b> |

#### Other long-term receivables

|  | Group         |               | Parent company |          |
|--|---------------|---------------|----------------|----------|
|  | 2022          | 2021          | 2022           | 2021     |
| <b>VAT receivables</b>                   |               |               |                |          |
| Opening balance accumulated acquisitions | 90,297        | 88,271        | 0              | 0        |
| Conversion difference                    | 6,643         | 13,406        | 0              | 0        |
| Additions                                | 44,379        | 35,445        | 0              | 0        |
| Settlements                              | -100,725      | -40,197       | 0              | 0        |
| Write-off                                | -1,624        | 478           | 0              | 0        |
| Reclassifications                        | 3,621         | -7,105        | 0              | 0        |
| Closing balance accumulated acquisitions | 42,590        | 90,297        | 0              | 0        |
| <b>Closing balance</b>                   | <b>42,590</b> | <b>90,297</b> | <b>0</b>       | <b>0</b> |

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

#### Deferred tax assets

|  | Group        |              | Parent company |          |
|--|--------------|--------------|----------------|----------|
|  | 2022         | 2021         | 2022           | 2021     |
| Opening balance accumulated acquisitions | 1 348        | 7 858        | 0              | 0        |
| Conversion difference                    | 78           | 566          | 0              | 0        |
| Additions                                | 6 756        | 362          | 0              | 0        |
| Settlements                              | -412         | 0            | 0              | 0        |
| Write-off                                | -1 349       | -7 437       | 0              | 0        |
| Closing balance accumulated acquisitions | 6 421        | 1 348        | 0              | 0        |
| <b>Closing balance</b>                   | <b>6 421</b> | <b>1 348</b> | <b>0</b>       | <b>0</b> |



## Notes

### Shares in subsidiaries

| Company  | Company number     | Location     | Number of shares | Capital share | Vote share | Net result | Total Equity |
|--|--------------------|--------------|------------------|---------------|------------|------------|--------------|
| <b>ST-Solar Holding AB</b>                                   | 559228-9432        | Stockholm    | 50,000           | 100%          | 100%       | 0          | 50           |
| <b>Advanced SolTech Renewable Energy (Hangzhou) Co. Ltd.</b> | 91330100MA27W37JXD | Hangzhou     | 400,000,000      | 100%          | 100%       | -18,527    | 551,039      |
| 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       | 100%          | 100%       |            |              |
| Shanghai Haofu New Energy Technology Co., Ltd.               | 91310115MA1H9K1X4W | ShangHai     | 10,000,000       | 100%          | 100%       |            |              |

## Notes

| Company  | Company number     | Location     | Number of shares | Capital share | Vote share | Net result | Total Equity |
|--|--------------------|--------------|------------------|---------------|------------|------------|--------------|
| Shaoxing Changjin Solar Technology Co., Ltd.             | 91330600MA2889GK1P | ShaoXing     | 10,000,000       | 70%           | 70%        |            |              |
| 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%       |            |              |
| Zhangzhou Yongxin New Energy Technology Co., Ltd         | 91350603MA33QFY559 | Zhangzhou    | 5,000,000        | 100%          | 100%       |            |              |
| Wuhu Huajin Photovoltaic Power Generation Co., Ltd       | 91340203MA2UMET19B | Wuhu         | 5,000,000        | 100%          | 100%       |            |              |
| Zhangzhou Huasheng New Energy Technology Co., Ltd        | 91350603MA2YJRG39  | Zhangzhou    | 1,000,000        | 100%          | 100%       |            |              |
| Bozhou Huabo New Energy Co., Ltd                         | 91341600MA8LA1DU6Q | Haozhou      | 5,000,000        | 100%          | 100%       |            |              |
| Anhui Sila New Energy Technology Co., Ltd                | 91341700MA2WLU508K | Wuhu         | 5,000,000        | 100%          | 100%       |            |              |
| Qingyuan Haoyuan Power Technology Co., Ltd               | 91441827MA573QG79F | Qingyuan     | 3,000,000        | 100%          | 100%       |            |              |
| Yingtian Cairn New Energy Co., Ltd                       | 91360681MA39T63T1A | Yingtian     | 5,000,000        | 100%          | 100%       |            |              |
| Longyan Longsheng New Energy Technology Co., Ltd         | 91350800MA2YYGCP1D | Longyan      | 1,000,000        | 100%          | 100%       |            |              |
| Hefei Chishi New Energy Co., Ltd                         | 91340123MA8NAP9U8G | Hefei        | 5,000,000        | 100%          | 100%       |            |              |
| Hangzhou Xuxu New Energy Technology Co., Ltd             | 91330100MA7C2U1J51 | Hanzhou      | 1,000,000        | 100%          | 100%       |            |              |
| Huaibei Steno New Energy Co., Ltd                        | 91340621MA8N0J944P | Chuzhou      | 1,000,000        | 100%          | 100%       |            |              |
| Quanjiao Zhuoran New Energy Co., Ltd                     | 91341124MA8NC73U1F | Huaibei      | 5,000,000        | 100%          | 100%       |            |              |
| Wuhu Bofeng New Energy Co., Ltd                          | 91340208MA2WMBXN84 | Wuhu         | 5,000,000        | 100%          | 100%       |            |              |
| Wenzhou Haoming Solar Energy Co., Ltd                    | 91330302MABNL2WJ71 | Wenzhou      | 500,000          | 100%          | 100%       |            |              |
| <b>Longrui Solar Energy (Suqian) Co. Ltd</b>             | 91321300MAIYCBR74G | SuQian       | 240,000,000      | 100%          | 100%       | -11,295    | 133,122      |
| 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%       |            |              |

| Company  | Company number     | Location   | Number of shares | Capital share | Vote share | Net result | Total Equity |
|--|--------------------|------------|------------------|---------------|------------|------------|--------------|
| 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%       |            |              |
| Suzhou Aorunqi Energy Engineering Co., Ltd         | 91320581MA1YMA621W | Suzhou     | 16,880,000       | 100%          | 100%       |            |              |
| <b>Suqian Ruiyan New Energy Co., Ltd.</b>          | 91321300MA27TQH98N | SuQian     | 3,000,000        | 100%          | 100%       | 0          | 33,327       |

## Notes

### NOTE 12. Prepaid expenses and accrued income

|                        | Group         |               | Parent company |            |
|------------------------|---------------|---------------|----------------|------------|
|                        | 2022          | 2021          | 2022           | 2021       |
| Accrued revenue        | 25,688        | 17,519        | 0              | 0          |
| Prepaid rents          | 2,814         | 1,479         | 196            | 137        |
| Other prepaid expenses | 2,983         | 1,059         | 520            | 274        |
|                        | <b>31,484</b> | <b>20,056</b> | <b>716</b>     | <b>411</b> |

### NOTE 13. Cash and bank balance

|                              | Group         |                | Parent company |               |
|------------------------------|---------------|----------------|----------------|---------------|
|                              | 2022          | 2021           | 2022           | 2021          |
| Cash and bank balances       | 55,387        | 157,722        | 1,235          | 48,683        |
| Bank notes                   | 5,407         | 3,002          | 0              | 0             |
| <i>whereof blocked funds</i> | <i>50</i>     | <i>50</i>      | <i>50</i>      | <i>50</i>     |
|                              | <b>60,794</b> | <b>160,724</b> | <b>1,235</b>   | <b>48,683</b> |

### NOTE 14. Accrued expenses and prepaid income

|                                       | Group          |               | Parent company |               |
|---------------------------------------|----------------|---------------|----------------|---------------|
|                                       | 2022           | 2021          | 2022           | 2021          |
| Accrued salaries                      | 724            | 1,880         | 138            | 1,199         |
| Accrued holiday pay debt              | 1,086          | 726           | 1,086          | 726           |
| Accrued social security contributions | 1,381          | 1,397         | 1,381          | 1,397         |
| Accrued interest                      | 26,205         | 23,870        | 26,205         | 23,870        |
| Capitalized, uninvoiced expenses      | 73,664         | 33,696        | 0              | 0             |
| Other accrued expenses                | 2,101          | 1,144         | 635            | 343           |
|                                       | <b>105,161</b> | <b>62,713</b> | <b>29,446</b>  | <b>27,535</b> |

### NOTE 16. Bond loans

| Principal   |              |          |      |       |                   |                    |                |               |                                       |         |
|-------------|--------------|----------|------|-------|-------------------|--------------------|----------------|---------------|---------------------------------------|---------|
| Bond loan   | ISIN         | Currency | MEUR | MSEK  | Booked value MSEK | Initial issue date | Redemption day | Interest rate | Interest payment periodicity (months) | Secured |
| SOLT2 (***) | SE0010831313 | SEK      |      | 127,7 | 127,7             | 2018-03-01         | 2023-07-09     | 8,75%         | 6                                     | No      |
| SOLT3       | SE0011231166 | SEK      |      | 148,3 | 148,3             | 2018-07-10         | 2023-07-09     | 8,75%         | 6                                     | No      |
| SOLT4       | SE0011721380 | SEK      |      | 70,4  | 70,4              | 2018-11-10         | 2023-11-08     | 8,25%         | 6                                     | No      |
| SOLT5 (*)   | SE0012012680 | EUR      | 27,3 |       | 304,2             | 2019-01-25         | 2023-07-09     | 9,00%         | 3                                     | Yes     |
| SOLT5 (**)  | SE0012012698 | SEK      |      | 320,8 | 320,8             | 2019-01-25         | 2023-07-09     | 9,00%         | 3                                     | Yes     |
|             |              |          |      |       | <b>971,4</b>      |                    |                |               |                                       |         |

(\*) The interest rate for SOLT5 EUR is 9.00% plus EURIBOR 90 days. In connection with the extension of SOLT5 the interest rate will 11.00% plus EURIBOR 90 days, from 2023-01-26.

(\*\*) The interest rate for SOLT5 SEK is 9.00% plus STIBOR 90 days. In connection with the extension of SOLT5 the interest rate will 11.00% plus STIBOR 90 days, from 2023-01-26.

(\*\*\*) The interest rate for SOLT2 SEK is 8.75%. In connection with the extension of SOLT2 the interest rate will 10.75%, from 2023-03-01.

Regarding SOLT5, the company has pledged assets, see note 17.

### NOTE 15. Long-term liabilities

|   | Group         |                | Parent company |                |
|---|---------------|----------------|----------------|----------------|
|   | 2022          | 2021           | 2022           | 2021           |
| Bond loan   | 0             | 946,778        | 0              | 946,778        |
| Capitalized borrowing costs                                     | 0             | -34,813        | 0              | -17,008        |
| Other long-term liabilities                                     | 73,782        | 68,096         | 31,995         | 28,621         |
| <b>Sum long-term liabilities</b>                                | <b>73,782</b> | <b>980,062</b> | <b>31,995</b>  | <b>958,392</b> |
| <i>Whereof due later than 1 year and no longer than 5 years</i> | <i>73,782</i> | <i>980,062</i> | <i>31,995</i>  | <i>958,392</i> |
| <i>Whereof due later than 5 years</i>                           | <i>0</i>      | <i>0</i>       | <i>0</i>       | <i>0</i>       |

Apart from the loans from Soltech Energy Sweden AB and Advanced Solar Power (Hangzhou) Inc., there are three additional loans from sellers of solar cell installations in China that were acquired in 2018. The three loans amount to SEK 12,130 thousand with an interest rate of ten percent, which is paid out annually.



## Notes

### NOTE 17. 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.

#### *Pledged collateral for bond loan SOLT5*

The bond SOLT5 is secured as follows:

- pledge of ASAB's shares in the directly owned Chinese subsidiaries Advanced SolTech Renewable Energy (Hangzhou) Co., Ltd ("ASRE"), Longrui Solar Energy (Suqian) Co., Ltd ("SQ") and Suqian Ruiyan New Energy Co., Ltd ("RY");
- pledge in all intra-group loans from ASAB to ASRE and from ASAB to SQ, from time to time; and
- negative pledge clause that limits the granting of security for financial indebtedness, in addition to such security as is permitted under the terms of the bond SOLT5.

ASRE and SQ will in turn secure their respective obligations under the intra-group loans arising from the bond SOLT5 as follows:

- pledging of solar facilities owned solely by ASRE and SQ (or any of their respective Chinese subsidiaries) financed from time to time through the intra-group loans which originate from the bond SOLT5; and
- security over the receivables from the energy purchase agreements regarding the installation and operation of solar cell facilities that have been financed through the intra-group loans which originates from the bond SOLT5.

#### *Intra-group loans from ASAB to Advanced SolTech Renewable Energy (Hangzhou) Co., Ltd ("ASRE") and Longrui Solar Energy (Suqian) Co., Ltd ("SQ") respectively*

Funds from the SOLT bonds have mainly been used by ASAB to provide intra-group loans to ASRE, SQ or one of their respective Chinese subsidiaries. Certain conditions and requirements in the intra-group loan agreements entered into between ASAB and ASRE are reflected in the terms of the SOLT bonds. ASAB, as a

lender according to the intra-group loan agreements, has provided ten loans to ASRE and three loans to SQ regarding the funds from the SOLT bonds and new issues. The total amount for all the 13 intra-group loans that ASAB gave to ASRE and SQ is EUR 68.6 million and they are all not due and unpaid.

#### For own provisions and liabilities

|   | Group            |                  | Parent company   |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2022             | 2021             | 2022             | 2021             |
| Pledged fixed assets and current assets | 1,596,899        | 1,465,445        | 0                | 0                |
| Loan receivable in subsidiaries         | 0                | 0                | 763,000          | 740,075          |
| Pledged shares in subsidiaries          | 0                | 0                | 698,360          | 618,660          |
|   | <b>1,596,899</b> | <b>1,465,445</b> | <b>1,461,360</b> | <b>1,358,735</b> |

### NOTE 18. Liabilities to credit institutions

ASRE has three outstanding loans to sellers of solar cell installations in China that were acquired in 2018. The three loans amount to SEK 12,130 thousand with an interest rate of ten percent, which is paid out annually. The capital debt is in CNY, and the amount above is as of the closing currency rate on December 31, 2022.

| Bank                                    | Principal CNY     | Principal SEK     | Interest Rate | Repayment Date |
|---|-------------------|-------------------|---------------|----------------|
| ZheShang Bank                           | 10,000,000        | 15,017,000        | 4.58%         | 2023-05-09     |
| China Merchant Bank                     | 12,000,000        | 18,020,400        | 3.98%         | 2023-09-08     |
| Industrial and Commercial Bank of China | 5,000,000         | 7,508,500         | 4.57%         | 2023-09-20     |
| Bank of China                           | 10,000,000        | 15,017,000        | 4.60%         | 2023-11-17     |
|   | <b>37,000,000</b> | <b>55,562,900</b> |               |                |

## Notes

### NOTE 19. Adjustment items cash flow

|                                      | Group        |                | Parent company |          |
|--------------------------------------|--------------|----------------|----------------|----------|
|                                      | 2022         | 2021           | 2022           | 2021     |
| Unrealized exchange rate differences | 6,838        | -10,437        | 0              | 0        |
|                                      | <b>6,838</b> | <b>-10,437</b> | <b>0</b>       | <b>0</b> |

### NOTE 20. Related party transactions

The Group has loan liabilities to its main owner Soltech Energy Sweden AB (publ), for SEK 28,377 thousand, and Advanced Solar Power (Hangzhou) Inc., for SEK 28,024 thousand. In 2022, the interest rates for the loans were three percent respectively zero percent. Accrued interest expense, per December 31, 2022 amounted to SEK 3,618 thousand respectively SEK 1,632 thousand. The capital debt and accrued interest are in EUR respectively CNY and the amounts above are as of the closing currency rate on December 31, 2022. During the year, the company incurred interest expenses based on overdue accounts payable to Advanced Solar Power, with an interest rate of 4.3 percent, amounted to SEK 1,056 thousand. All related party transactions have taken place on a market basis. The following related party transactions took place during the financial year.

| The nature of the transaction | Counterpart                          | Group          |                | Parent company |            |
|-------------------------------|--------------------------------------|----------------|----------------|----------------|------------|
|                               |                                      | 2022           | 2021           | 2022           | 2021       |
| Purchase of solar panels      | Advanced Solar Power (Hangzhou) Inc. | 350,185        | 293,289        | 0              | 0          |
| Purchase of service           | Advanced Solar Power (Hangzhou) Inc. | 14,886         | 10,755         | 0              | 0          |
| Charged interest              | Advanced Solar Power (Hangzhou) Inc. | 1,056          | 0              | 0              | 0          |
| Rental of office              | Advanced Solar Power (Hangzhou) Inc. | 193            | 171            | 0              | 0          |
| Charged interest              | SolTech Energy Sweden AB (publ)      | 813            | 777            | 813            | 777        |
|                               |                                      | <b>367,133</b> | <b>304,992</b> | <b>813</b>     | <b>777</b> |

#### Accounts payable

As of December 31, 2022, the group has outstanding accounts payables to Advanced Solar Power (Hangzhou) Inc of SEK 220 million, which constitutes as an ongoing credit that can be equated with an "overdraft facility".

### NOTE 21. 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 |              |
|--|---------------|---------------|----------------|--------------|
|  | 2022          | 2021          | 2022           | 2021         |
| Due for payment within one year                        | 4,966         | 3,570         | 597            | 653          |
| Due for payment later than one year but within 3 years | 8,834         | 6,160         | 0              | 597          |
| Due for payment later than 3 years                     | 67,391        | 40,485        | 0              | 0            |
|  | <b>81,191</b> | <b>50,215</b> | <b>597</b>     | <b>1,250</b> |
| Leasing agreements expensed during the period          | 5,158         | 1,657         | 819            | 738          |

## Notes

### NOTE 22. 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 |          |
|-----------------------------------|--------------|--------------|----------------|----------|
|                                   | 2022         | 2021         | 2022           | 2021     |
| Losses carried forward            | 5,930        | 425          | 0              | 0        |
| Provision for bad debt            | 491          | 923          | 0              | 0        |
| <b>Sum of deferred tax assets</b> | <b>6,422</b> | <b>1,349</b> | <b>0</b>       | <b>0</b> |

#### Deferred tax liabilities, reported in the balance sheet

|  | Group         |               | Parent company |          |
|--|---------------|---------------|----------------|----------|
|  | 2022          | 2021          | 2022           | 2021     |
| Depreciation exceeding plan            | 4,771         | 3,367         | 0              | 0        |
| Intangible fixed assets                | 6,112         | 6,212         | 0              | 0        |
| Other                                  | 2,046         | 2,475         | 0              | 0        |
| <b>Sum of deferred tax liabilities</b> | <b>12,928</b> | <b>12,054</b> | <b>0</b>       | <b>0</b> |

### NOTE 23. The share

At the end of 2021, the total number of shares outstanding was 38,747,539, with a quota value of SEK 0.20. In 2022, a share issue of 892,851 new shares took place. For more information, see section "the share and shareholders".

#### The number of shares

|                                  | 2022              | 2021              |
|----------------------------------|-------------------|-------------------|
| At the beginning of the year (*) | 38,747,539        | 21,578,350        |
| Share issues                     | 892,851           | 17,169,189        |
| <b>At the end of the year</b>    | <b>39,640,390</b> | <b>38,747,539</b> |

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

### NOTE 24. Earnings per share

#### Earnings per share before dilution

|  | 2022       | 2021       |
|--|------------|------------|
| Profit for the period attributable to the parent company's ordinary shares | -26,426    | 16,041     |
| Weighted number of outstanding ordinary shares                             | 39,228,686 | 23,919,656 |
| Earnings per share before dilution, SEK                                    | neg        | 0.67       |

#### Earnings per share after dilution

|  | 2022       | 2021       |
|--|------------|------------|
| Profit for the period attributable to the parent company's ordinary shares | -26,426    | 16,041     |
| Weighted number of outstanding ordinary shares after dilution              | 41,166,063 | 24,263,384 |
| Earnings per share after dilution, SEK                                     | neg        | 0.66       |

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

|   | 2022              | 2021              |
|---|-------------------|-------------------|
| Weighted number of outstanding ordinary shares before dilution          | 39,228,686        | 23,919,656        |
| Effect of outstanding potential shares in the Group's incentive program | 1,937,377         | 343,728           |
| <b>Weighted number of outstanding ordinary shares after dilution</b>    | <b>41,166,063</b> | <b>24,263,384</b> |

### NOTE 25. Proposal for profit distribution for the parent company

Available at the Annual General Meeting (SEK)

|                      |                    |
|----------------------|--------------------|
| Retained earnings    | -69,340,725        |
| Share premium fund   | 583,780,743        |
| Results for the year | 2,084,490          |
| <b>Total</b>         | <b>516,524,508</b> |

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

Transferred to a new account SEK 516,524,508

### NOTE 26. Significant events after the end of the financial year

- Advanced Soltech's bonds SOLT2 and SOLT5 are extended extended to 2023-07-09 in accordance with the company's request
- The company signed three contracts amounting to an installed capacity of 13.5 MW.
- The company has appointed Johan Edin as the new CFO of the company, taking office no later than August 2023. Johan succeeds Lars Höst, who is retiring.

# Definitions

## 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.

| (SEK '000)    | 2022    | 2021    |
|---------------|---------|---------|
| Net revenue   | 156,972 | 117,350 |
| Total revenue | 203,849 | 153,526 |
|               | 76%     | 76%     |

## 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.

| (SEK '000)                                 | 2022    | 2021    |
|--|---------|---------|
| EBIT                                       | 79,428  | 60,674  |
| Depreciation, amortization and write-downs | 69,687  | 50,086  |
| EBITDA                                     | 149,115 | 110,759 |

## 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. The table below does not include the loan debt to ASP, as it is an interest-free loan. As of 2022-12-31, the loan debt was SEK 28,024 (26,473) thousand

| (SEK '000)   | 2022-12-31       | 2021-12-31       |
|--|------------------|------------------|
| <b>Short-term interest-bearing debt</b>                        |                  |                  |
| - Bank loan in China   | 55,563           | 46,814           |
| - Overdue Accounts Payable Advanced Solar Power (Hangzhou) Inc | 60,068           | 0                |
| - Bond loans   | 971 423          | 0                |
| <b>Sum short-term interest-bearing debt</b>                    | <b>1,087,054</b> | <b>46,814</b>    |
| <b>Long-term interest-bearing debt</b>                         |                  |                  |
| - Loan Soltech Energy Sweden AB                                | 28,377           | 25,484           |
| - Loan private investors in China                              | 12,130           | 12,054           |
| - Bond loans   | 0                | 946,778          |
| <b>Sum long-term interest-bearing debt</b>                     | <b>40,507</b>    | <b>984,316</b>   |
| <b>Sum interest-bearing debt</b>                               | <b>1,127,561</b> | <b>1,031,130</b> |



### 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.

| (SEK '000)            | 2022             | 2021           |
|-----------------------|------------------|----------------|
| Interest-bearing debt | 1,127,561        | 1,031,130      |
| Cash and bank         | -60,794          | -160,724       |
|                       | <b>1,066,767</b> | <b>870,406</b> |

### 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.

| (SEK '000)   | 2022       | 2021       |
|--------------|------------|------------|
| Total equity | 520,910    | 499,455    |
| Total assets | 1,973,087  | 1,752,905  |
|              | <b>26%</b> | <b>28%</b> |

### Equity ratio, rolling 12 months

Equity divided by total assets per closing balance for each reporting period. The measure is calculated based upon the average of closing balance for the latest four quarters. The measure is used since it helps to assess ASAB's financial stability.

| (SEK '000)              | 2022       |
|-------------------------|------------|
| Total equity 2022-03-31 | 510,041    |
| Total equity 2022-06-30 | 577,444    |
| Total equity 2022-09-30 | 617,933    |
| Total equity 2022-12-31 | 520,910    |
| Total assets 2022-03-31 | 1,719,031  |
| Total assets 2022-06-30 | 1,828,884  |
| Total assets 2022-09-30 | 1,972,654  |
| Total assets 2022-12-31 | 1,973,087  |
|                         | <b>30%</b> |

### 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.

