



Advanced
Soltech

Interim report

April – June
2023



Refinancing lays foundation for growth

New financing secured in China, that halve interest costs and reduces currency risk

During the quarter, demand from Chinese customers remained high and new orders corresponding to 9.5 (30.8) MW were signed. During the quarter, Advanced Soltech's 176 (154) solar energy plants produced a total of 68 (61) million kilowatt hours, an increase with 11 percent compared to the previous year. Through this we reduced CO₂ emissions by 42,000 (38,000) tonnes. We have continued to build new capacity in China and at the end of the period the total installed capacity amounted to 252.0 (220.2) MW.

The quarter, in short

April 1st – June 30th

- The company has entered into an agreement with the Chinese company JiangSu Financial Leasing Co., Ltd. to be part of the refinancing of the Company's outstanding bonds. The financing is a so-called sale and leaseback financing that provides the Group with 541 MCNY.
- On June 28, 2023, the company fully repaid the green secured bond SOLT5.
- The company has carried out a directed share issue of approximately SEK 141 million, as well as decided on a subsequent compensation issue for other shareholders of approximately SEK 99 million. As of June 30, SEK 30 million of the directed issue has been paid to the company.
- The company installed a total of 1.7 (8.2) MW of roof-based solar energy plants and had 252.0 (220.2) MW installed and revenue-generating capacity at the end of the quarter. The company's relatively low installation level is partly due to a lack of funding.
- 68 (61) million kWh were produced, an increase of 11 percent, which reduced China's CO₂-related emissions by approximately 42,000 (38,000) tonnes.
- At the end of the quarter, the company had 60 (53) MW in subscribed orders, as well as projects in the pipeline of 118 (125) MW.
- The company signed 6 (13) contracts amounting to a total installed capacity of 9.5 (30.8) MW.

The quarter, in numbers

April 1st – June 30th

- Revenues (sales of electricity and subsidies) amounted to SEK 65.5 (58.6) million, an increase of 12 percent compared with the previous year. The increase is due to the installed base being higher in 2023 than in 2022. Currency effects had an effect on revenues of SEK 0.9 (7.2) million.
- Net sales (sales of electricity to customer and Grid) amounted to SEK 53.0 (46.2) million, an increase with 15 percent. Currency effects had an effect on net sales of SEK 0.7 (5.7) million.
- Other operating income (subsidies) amounted to SEK 12.5 (12.4) million.
- Operating expenses amounted to 38.4 (30.6) MSEK, an increase of 25 percent compared to the previous year. The single largest item to the increase is extraordinary costs, amounted to SEK 7.2 million, in connection with the extension of the SOLT2 and SOLT5 bonds. Other major cost items are an increase in planned depreciation, maintenance costs and roof rents for solar energy facilities, as well as a currency effect of -0.3 (-3.6) MSEK.
- Operating profit for the quarter amounted to SEK 27.1 (28.0) million. Adjusted for extraordinary costs in connection with the extension of the bonds, the operating profit amounted to SEK 31.3 million.
- Interest expenses and similar income items amounted to SEK 45.3 (34.1) million. Behind the figure is an increased interest rate for the bond loans SOLT2 and SOLT5, and increased interest costs for financing in China.
- Profit for the year after financial items and tax amounted to SEK -38.4 (23.2) million and was affected by a non-cash flow affecting currency effect of SEK -20.8 (27.4) million. Adjusted for this item, profit for the year amounted to SEK -17.6 (-4.2) million.
- Total cash flow for the quarter amounted to SEK 24.5 (35.5) million.
- Earnings per share before dilution amounted to SEK -0.97 (0.59).
- The number of employees at the end of the period was 18 (17).

Year-to-date, in numbers

January 1st – June 30th

- Revenues amounted to SEK 106.2 (91.3) million, an increase of 16 percent compared with the previous year. The increase is due to the installed base being higher in 2023 than in 2022. Currency effects had an effect on revenues of SEK 2.3 (11.1) million.
- Net sales amounted to SEK 86.2 (71.8) million, an increase with 20 percent. Currency effects had an effect on net sales of SEK 1.1 (8.8) million.
- Other operating income amounted to SEK 20.0 (19.5) million.
- Operating expenses amounted to 76.2 (59.6) MSEK, an increase of 28 percent compared to the previous year. The single largest item to the increase is extraordinary costs, amounted to SEK 7.2 million, in connection with the extension of the SOLT2 and SOLT5 bonds. Other major cost items are an increase in planned depreciation, maintenance costs and roof rents for solar energy facilities, as well as a currency effect of -1.0 (-6.5) MSEK.
- Operating profit for the quarter amounted to SEK 30.0 (31.7) million. Adjusted for extraordinary costs in connection with the extension of the bonds, the operating profit amounted to SEK 37.2 million.
- Interest expenses and similar income items amounted to SEK 82.6 (66.5) million. Behind the figure is an increased interest rate for the bond loans SOLT2 and SOLT5, and increased interest costs for financing in China.
- Profit for the year after financial items and tax amounted to SEK -73.6 (15.7) million and was affected by a non-cash flow affecting currency effect of SEK -21.7 (48.3) million. Adjusted for this item, profit for the year amounted to SEK -52.0 (-32.6) million.
- Total cash flow for the quarter amounted to SEK 16.4 (-64.7) million.
- Earnings per share before dilution amounted to SEK -1.86 (0.40).

Significant events after the end of the period

- The remaining amount of the directed issue has been paid to the company. The entire issue is registered with the Swedish Companies Registration Office (Bolagsverket), and the total number of shares after the issue amounts to 53,744,152.
- The company has repaid bond loans SOLT2 and SOLT3.
- The company submitted a forecast for the financial years 2023 and 2024 on August 7, 2023. In summary, we estimate that revenues for 2024 will be SEK 272 million, that EBITDA will be SEK 203 million and profit before tax will be SEK 55 million.
- The company hires Erik Penser Bank as liquidity provider.

“With the new financing in place, we basically halve our interest costs.”



The new financing in China enables the company to capture the market's potential

The first half of the year has largely been dominated by the refinancing of our outstanding bonds in Sweden. The repayment of the covered bond, SOLT5, was initially delayed for technical reasons. Now all maturing bonds have been repaid and we have created a platform for financing that means that we can use our new facilities as collateral for new loans, which gives the company lower costs and the opportunity to invest at a faster pace.

With the new financing in place, we basically halve our interest costs. In light of this, we wanted to highlight the company's new financial situation in 2024 relative to the financial year 2023, which is why we published a forecast for the financial years 2023 and 2024 on August 7, 2023. In summary, we estimate that revenues for 2024 with the assumptions described below will be SEK 272 million, that EBITDA will be SEK 203 million and profit before tax will be SEK 55 million. At the same time, we minimize the currency risk that results from having liabilities and assets in different currencies and also reduce the tax costs that arise when funds to meet interest payments on Swedish bonds are transferred from China to Sweden. All in all, this is a significantly better financing solution for Advanced Soltech.

A more detailed forecast for 2023 and 2024 is provided below.

The forecast is based on the following assumptions.

- The revenue comes from sales, of green electricity to the company's customers and to a lesser extent from subsidies. With the new financing structure in place, the cost side is stable and predictable.

- The company is completing its started projects and will have 290 MW of installed and revenue-generating solar capacity by the end of Q1 2024. At present, the company has 252 MW of revenue-generating capacity. However, the ambition level for the total amount of new installed solar energy plants in the financial year 2024 is significantly higher than the assumptions in this forecast. However, we choose to be conservative in our forecast because it still gives a good picture of the business and its development potential with the new financing.
- The company also raises CNY 80 million (approx. SEK 120 million) in new loans in China during the second half of 2023 to finance the new facilities and also carries out a "repair" issue of SEK 99 million with subscription period running from August 28 to September 11, 2023. The issue is directed to all shareholders who were not given the opportunity to take part in the directed share issue that was carried out in June 2023. Most of the issue proceeds, SEK 70.5 million, will be used for repayment of the last Swedish bond, SOLT4, maturing in November 2023 and the remaining funds will be invested in operating activities.
- Our goal to reach 1,000 MW of installed and connected solar power plants by the end of 2026 remains unchanged. The new financing in China allows us to use new facilities as collateral for new loans, which gives us the financial conditions for rapid growth. Our order book is well covered and funding has always been the tight sector for our growth.

COMMENTS FROM THE CEO

FORECAST (SEK million)	2023 H1	2023 H2p	2023p	2024p
Revenue from electricity sales and subsidies	106	143	249	272
Direct costs (maintenance, insurance, etc.)	-15	-17	-32	-37
Gross margin	91	126	217	235
Gross margin %	85%	88%	87%	86%
Other costs (overhead, staff, etc.)	-23	-16	-39	-32
EBITDA	68	110	178	203
EBITDA %	63%	77%	71%	75%
Depreciation	-37	-39	-76	-83
EBIT	31	71	102	120
Net financial items (interest expenses, capital raising costs, etc.)	-83	-39	-122	-65
Profit before tax (EBT) excluding currency effects	-52	32	-20	55

According to the World Bank, China's economic growth has recovered from the pandemic, reaching 8.1% in 2022. This was mainly due to strong exports and industrial production, as well as the recovery of domestic services. The OECD forecasts China's economic growth to bounce back to 5.4% in 2023 and 5.1% in 2024. This will be driven by increased demand for in-person services after zero-COVID restrictions are lifted, as well as continued investment in infrastructure and innovation.

China's economy has also faced some challenges, such as the energy crisis, a weaker property market, weaker consumption and geopolitical tensions. These factors may affect China's economic stability and growth potential in the short and long term. China's government has responded with a series of new measures to improve infrastructure, reduce electricity shortages and combat drought, all of which have affected economic activity. These measures include promoting the development of new energy production, such as solar energy.

We consider an economic environment that stimulates investments in energy assets and falling interest rates to be favorable to our business model, although a weaker economic development in China will require greater caution in the credit assessment of new customers. In summary, with our new financing, we have a very good opportunity to take advantage of the growth potential that exists in the world's largest market for solar energy.

Max Metelius
CEO



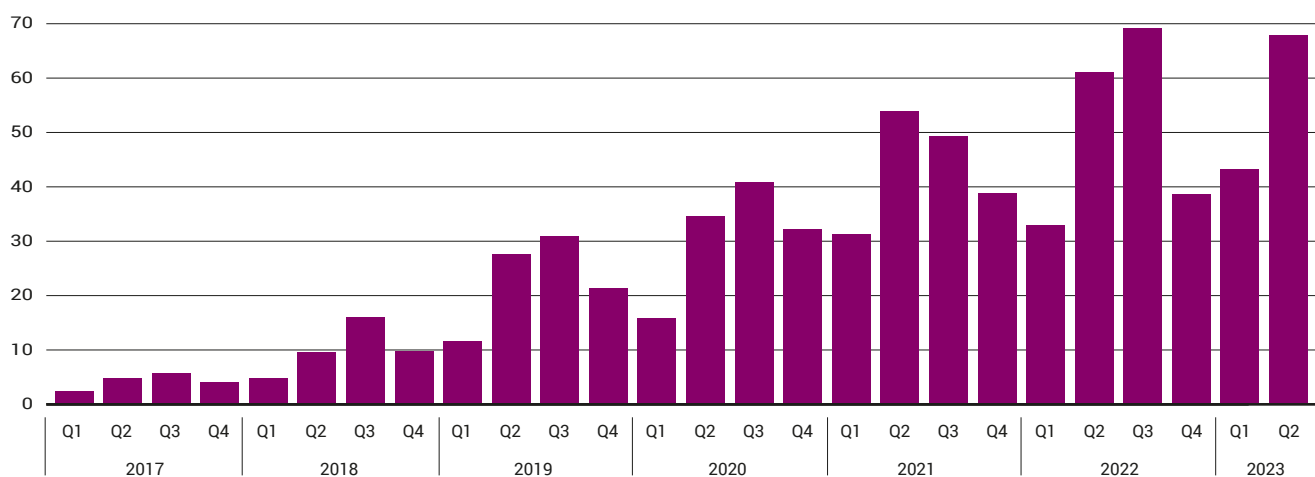
Key performance measures

	230401-230630	220401-220630	230101-230630	220101-220630	220101-221231
Financial Key performance measures (*)					
Total revenue	65,482	58,591	106,186	91,270	203,849
Net revenue	53,007	46,212	86,168	71,796	156,972
Net revenue share of total revenue	81%	79%	81%	79%	77%
EBIT	27,074	27,983	29,996	31,667	79,428
EBIT%	41%	48%	28%	35%	39%
EBITDA	45,623	43,998	67,322	63,409	149,115
EBITDA%	70%	75%	63%	69%	73%
Amortization of capitalised borrowing costs	4,233	6,919	8,113	13,808	27,793
Interest expenses	36,233	22,708	65,936	44,869	94,308
Earnings per share for the period before dilution, SEK	neg	0.59	neg	0.40	neg
Earnings per share for the period after dilution, SEK	neg	0.56	neg	0.38	neg
Operational Key performance measures (*)					
Produced electricity, millions of kWh	68	61	110	93	200
Reduction of China's CO2-related emissions, tonnes	42,000	38,000	69,000	58,000	125,000

	2023-06-30	2022-06-30	2022-12-31
Financial Key performance measures			
Interest-bearing debt	1,189,070	1,084,584	1,127,561
Net interest-bearing debt	1,111,619	983,069	1,066,767
Equity ratio	24%	32%	26%
Equity ratio, rolling 12 months	26%	n/a	30%
Operational Key performance measures			
Installed capacity, MW	252.0	220.2	250.1
Average remaining contract time, years	16.2	17.4	16.8
Signed orders, MW	60	53	37

(*) Definitions of Key Performance Measures, see note 3

Produced electricity in millions of kWh



Business model, market and customers

Advanced Soltech Sweden AB (publ) (“ASAB”) has a clear cut business model and access to a very large market with many potential customers, both among private companies and state-owned businesses.

Vision

ASAB was founded with the goal of accelerating the transition to renewable energy in China by offering electricity generated from solar energy as a service. The vision is to become a driving force in sustainable energy production 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 the parent company, ASAB.

Business model

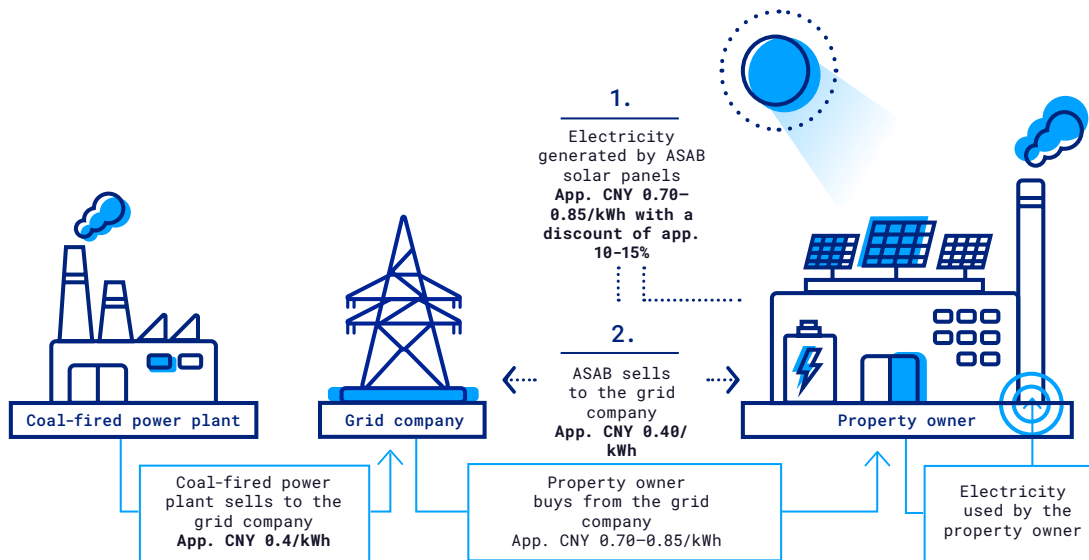
Customers, who are owners of large properties, enter into 20-year contracts with ASAB, whereby the customer commits

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

Although ASAB’s business model is commercially feasible, subsidies are another source of income. The subsidy amount for a specific project is determined before the construction of the solar energy plant begins, when the local grid operator evaluates the design of the project. The commitment of the authorities to pay subsidies includes both an interest rate, the CNY amount per kWh generated and a duration, the number of years that the state unit undertakes to pay subsidies. 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 the state or regional level.



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 compared to grid company’s list price.
 2. If the customer/property owner does not buy all the electricity generated by ASAB’s solar panels, ASAB sells it to the grid company.
- ASAB owns the solar panels.

ABOUT ADVANCED SOLTECH

In April 2021, new rules were introduced which mean that no new facilities receive subsidies. This was an expected development, as the facilities currently show a good return without subsidies. Already approved subsidies, however, remain in place for the lifetime of the contract.

Market

When ASAB evaluates which regions the company wants to be present in, there are three main factors to take into consideration, solar irradiation, the local electricity price and the accessible customer base. All of these factors are important for ASAB to achieve long-term profitability in its operations. ASAB's market consists entirely of China, primarily the country's eastern regions, which are also the most industrialized and economically developed. This region provides an ideal mix of customer base, electricity prices and solar irradiation.

China's political leadership has over time made several decisions aimed at reducing the country's dependence on coal, a resource that today supplies more than 60 percent of the electricity production. The so-called 30-60 target means that carbon dioxide emissions will begin to decrease from 2030 and that the country will be completely climate-neutral by 2060.

An important part of the transition to carbon neutral economy will be based on solar energy, and in June 2021 a directive was issued stating that a large part of the suitable roof surfaces that are available will be covered with solar panels. The directive, issued by the Chinese Energy Agency, sets a goal that at least 50 percent of the available roof area of buildings that house government operations should be covered with solar panels. For public buildings, such as schools and hospitals, the corresponding target is at least 40 percent and for commercial and industrial buildings at least 30 percent. Although ASAB does not yet know the details of how this will be put into practice, the general perception in the market is that the directive is very positive for the solar energy sector.

ASAB also sees that both foreign and Chinese investors are now beginning to take an interest in the business model with roof-based solar energy that the company offers. Although this will in the long run mean increased competition, ASAB sees it primarily as a confirmation that the company is

working according to the right strategy. ASAB also has an advantage in the form of an established and functioning organization with great trust among customers, something that takes time to build.

Customers

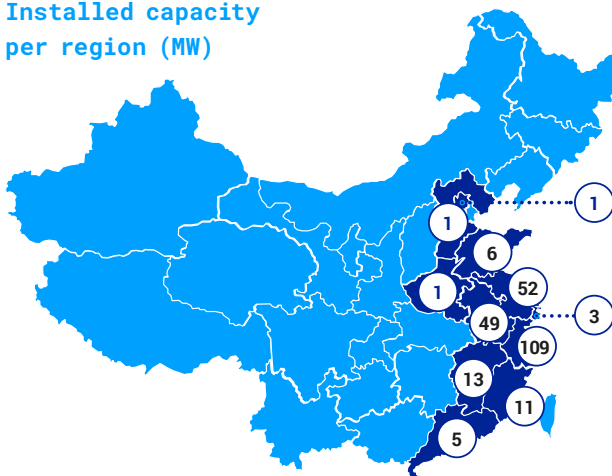
ASAB's customers are active in a wide range of areas, from the automotive and textile industries to brewing operations, but also in government operations. In total, just over 80 percent of customers are active in the private sector. What the customers have in common is that they are extensive organizations with a large number of employees. A customer base with mainly large customers, also spread across different industries, gives ASAB's operations long-term stability. A prerequisite for ASAB, however, is that customers have access to large free roof areas, as a photovoltaic system on average takes up approximately 15,000 square meters. Those of ASAB's customers who today have the largest installed capacity are found in machine manufacturing and the basic industry and are in the range of 100 to 500 employees (for more detailed information, see the tables below).

The reason why customers choose ASAB is that they get access to green electricity in an easy way and at a lower price than the electricity they can buy from the grid. Today, the company has 165 customers, which means that the counterparty risk is very diversified, something that distinguishes ASAB from similar companies which sell to the public electricity grid and thus has a weaker negotiating position and only one off-taker.

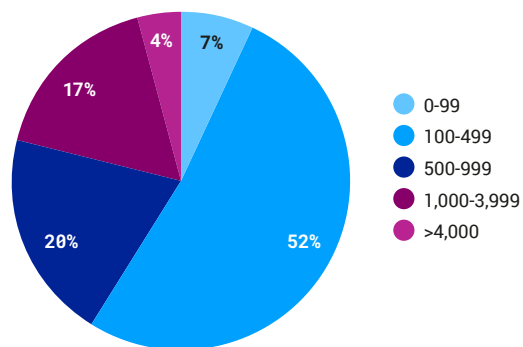
The rapid growth and conversion to alternative energy sources give ASAB, which has proven experience in identifying suitable solar energy projects, coupled with efficient installation methods, good opportunities for continued profitable development. The risks that exist in the market are mainly associated with the fact that the infrastructure, including electricity production, is strongly regulated and dependent on permits and ultimately political decisions.

Another driving force is environmental benefits. Through its operations, ASAB contributes to a way of reducing climate emissions and major environmental benefits through reducing air pollution.

Installed capacity per region (MW)



ASAB's customers – numbers of employees (FTE)



Financial information

The Board of Directors and the CEO for Advanced Soltech Sweden AB (publ) may hereby submit an Interim report for the period April – June 2023.

The Group's net sales and results for the quarter

- Revenues (sales of electricity and subsidies) amounted to SEK 65.5 (58.6) million, an increase of 12 percent compared with the previous year. The increase is due to the installed base being higher in 2023 than in 2022. Currency effects had an effect on revenues of SEK 0.9 (7.2) million.
- Net sales (sales of electricity to customer and Grid) amounted to SEK 53.0 (46.2) million, an increase of 15 percent. Currency effects had an effect on net sales of SEK 0.7 (5.7) million.
- Other operating income (subsidies) amounted to SEK 12.5 (12.4) million. Currency effects had an effect on other operating income of SEK 0.2 (1.5) million.
- Operating expenses amounted to 38.4 (30.6) MSEK, an increase of 25 percent compared to the previous year. The single largest item to the increase is extraordinary costs, amounted to SEK 7.2 million, in connection with the extension of the SOLT2 and SOLT5 bonds. Other major cost items are an increase in planned depreciation, maintenance costs and roof rents for solar energy facilities, as well as a currency effect of -0.3 (-3.6) MSEK.
- Operating profit for the quarter amounted to SEK 27.1 (28.0) million, a decrease of 3 percent compared with the previous year. Adjusted for extraordinary costs in connection with the extension of the bonds, the operating profit amounted to SEK 31.3 million.
- Interest expenses and similar income items amounted to SEK 45.3 (34.1) million. Behind the figure is an increased interest rate for the bond loans SOLT2 and SOLT5, resulting in an increased cost of SEK 8.0 million, as well as increased interest expenses for financing in China, mainly consisting of JS Leasing amounted to SEK 3.7 million.
- The exchange rate difference amounted to SEK -20.8 (27.4) million and was mainly attributable to a change in CNY against EUR in connection with the refinancing of SOLT5 and the internal loans between ASAB and ASRE. Looking forward, the exchange rate difference will decrease significantly as the majority of assets and liabilities denominated in EUR are settled.
- Profit after tax amounted to SEK -38.4 (23.2) million.

The Group's cashflow for the quarter

- The Group's total cash flow amounted to SEK 24.5 (35.5) million.
- Current operations generated a cash flow of SEK -9.3 (24.3) million, where the largest change consists of an increase of accounts payable.
- Investment activities generated a cash flow of SEK -8.5 (3.3) million, which for the most part consists of investment in new solar energy plants, SEK -8.5 (-76.5) million. In the previous year's quarter, the Chinese tax authority paid VAT to stimulate the economy.
- Financing activities generated a cash flow of SEK 42.4 (7.9) million, due to refinancing of SOLT5 with loan from JS Leasing, an increase of bank loan in China and a directed share issue.

The Group's financial standing and liquidity at the end of the period

- Total assets amounted to SEK 2,006 (1,829) million.
- Tangible fixed assets amounted to SEK 1,720 (1,554) million, which for the most part consists of solar energy plants.
- Financial fixed assets amounted to SEK 56 (35) million, which mainly consists of VAT receivables, which arose when the company invested in ongoing and new solar energy plants.
- Cash and bank amounted to SEK 77 (102) million.
- Equity amounted to SEK 472 (577) million.
- Long-term liabilities amounted to SEK 582 (283) million, consisting of loans from JS Leasing and three smaller external loans.
- Current liabilities amounted to SEK 939 (955) million, where the largest items consist of bond loans (SOLT2, SOLT3 and SOLT4), short-term part of loans from JS Leasing, accounts payable and accrued costs for interest and installation projects. During the quarter, the loans from the two main owners were reclassified as short-term liabilities.

The Group's net sales and results for the period January – June

- Revenues amounted to SEK 106.2 (91.3) million, an increase of 16 percent compared with the previous year. The increase is due to the installed base being higher in 2023 than in 2022. Currency effects had an effect on revenues of SEK 2.3 (11.1) million.
- Net sales amounted to SEK 86.2 (71.8) million, an increase with 20 percent. Currency effects had an effect on net sales of SEK 1.1 (8.8) million.
- Other operating income amounted to SEK 20.0 (19.5) million. Currency effects had an effect on other operating income of SEK 0.3 (2.4) million.
- Operating expenses amounted to 76.2 (59.6) MSEK, an increase of 28 percent compared to the previous year. The single largest item to the increase is extraordinary costs, amounted to SEK 7.2 million, in connection with the extension of the SOLT2 and SOLT5 bonds. Other major cost items are an increase in planned depreciation, maintenance costs and roof rents for solar energy facilities, as well as a currency effect of -1.0 (-6.5) MSEK.
- Operating profit for the quarter amounted to SEK 30.0 (31.7) million, a decrease of 5 percent compared with the previous year. Adjusted for extraordinary costs in connection with the extension of the bonds, the operating profit amounted to SEK 37.2 million.
- Interest expenses and similar income items amounted to SEK 82.6 (66.5) million. Behind the figure is an increased interest rate for the bond loans SOLT2 and SOLT5, and increased interest costs for financing in China.
- The exchange rate difference amounted to SEK -21.7 (48.3) million and was mainly attributable to a change in CNY against EUR in connection with the refinancing of SOLT5 and the internal loans between ASAB and ASRE.
- Profit after tax amounted to SEK -73.7 (15.7) million.

ABOUT ADVANCED SOLTECH

The Group's cashflow for the period January – June

- The Group's total cash flow amounted to SEK 16.4 (-64.7) million.
- Current operations generated a cash flow of SEK 5.7 (-33.6) million, where the largest change consists of an increase of accounts payable.
- Investment activities generated a cash flow of SEK -36.2 (-38.9) million, which for the most part consists of investment in new solar energy plants, SEK -38.7 (-117.1) million.
- Financing activities generated a cash flow of SEK 46.9 (7.9) million, due to refinancing of SOLT5 with loan from JS Leasing, and an increase of bank loan in China.

The parent company's numbers for the quarter

- Revenues amounted to SEK 1.0 (0.8) million, mainly invoiced service to the Chinese subsidiaries.
- Operating expenses amounted to SEK 8.9 (4.2) million. The single largest item to the increase is the cost in connection with the extension of the SOLT2 and SOLT5 bonds, amounted to approx. SEK 4 million.
- Operating profit amounted to SEK -7.9 (-3.4) million.
- Interest income and similar income items amounted to SEK 18.3 (19.3) million, mainly intercompany transactions.
- Interest expenses and similar income items amounted to SEK 30.6 (25.5) million. Behind the figure is an increased interest rate for the SOLT2 and SOLT5 bond loans.
- Exchange rate difference amounted to SEK 18.8 (18.2) million.
- Profit after tax amounted to SEK -1.3 (8.5) million.
- The number of employees at the end of the period was 4 (4).

The parent company's numbers for the period January – June

- Revenues amounted to SEK 2.0 (1.7) million, mainly invoiced service to the Chinese subsidiaries.
- Operating expenses amounted to SEK 16.3 (9.1) million. The single largest item to the increase is the cost in connection with the extension of the SOLT2 and SOLT5 bonds, amounted to approx. SEK 7 million.
- Operating profit amounted to SEK -14.3 (-7.4) million.
- Interest income and similar income items amounted to SEK 38.3 (38.5) million, mainly intercompany transactions.
- Interest expenses and similar income items amounted to SEK 59.9 (50.7) million. Behind the figure is an increased interest rate for the SOLT2 and SOLT5 bond loans.
- Exchange rate difference amounted to SEK 25.3 (23.6) million.
- Profit after tax amounted to SEK -10.6 (4.0) million.

Bond loans

In January 2019, ASAB issued its first institutional Green Bond, SOLT5. The proceeds from the bond issue have been used to finance solar panel facilities in China. SOLT5 was listed on the Nasdaq First North Sustainable Bond Market with a first trading day on March 21, 2019. The Group's total debt in the balance sheet for the item "Bond loan", contains no capitalized borrowing costs since SOLT5 is repaid in July and August respectively. Accrued interest expense as of June 30, 2023 is SEK 14 595 thousand. Below is a specification of ASAB's bond loans.

Bond loan	ISIN	Principal			Booked value MSEK	Initial issue date	Redemption day	Interest rate	Interest payment periodicity (months)	Secured
		Currency	MEUR	MSEK						
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
					346.4					

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

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

ASAB has provided ten loans to ASRE regarding the funds from the SOLT Bonds and share issues. All ten intra-group loans to ASRE, including interest up to and including redemption date as of June 19, 2023, have been paid in June 2023. In total, during the period January – June 2023, ASAB has charged interest of SEK 32.3 million in respect of the loans.

ASAB has provided three loans to SQ regarding the funds from the SOLT Bonds and share issues. The total amount for the three intra-group loans that ASAB provided to SQ is SEK 127.2 million and they are all not due and unpaid. Capital debt is in EUR, the amount above is per closing price as of June 30, 2023. In total, during the period January – June 2023, ASAB has charged interest of SEK 6.1 million regarding the loans. All three intra-group loans to SQ, including interest up to and including redemption date as of July 18, 2023, have been paid in July 2023.

Loan Jiangsu Financial Leasing Corp. Ltd. ("JS Leasing")

During 2022 and 2023, the Company has held discussions with a number of banks and financial institutions in China to take out loans to replace the outstanding bond loans. The company has chosen to refinance in China in the local currency, CNY, instead of in the Scandinavian capital markets, because it takes place at a lower interest rate and better other conditions such as maturity and security requirements. The company also gets a lower currency exposure because revenues and expenses as well as assets and liabilities will to a greater extent be generated and booked in the same currency.

The company has entered into a financing agreement with JS Leasing for the refinancing of the bonds through a so-called "sale and leaseback" arrangement. The terms of the financing agreement are summarized as follows:

1. Loan amount 541,016,366 MCNY, of which CNY 430,375,672 was paid to the Company in June 2023. The remaining part, CNY 110,640,694, was paid to the Company in July 2023.



ABOUT ADVANCED SOLTECH

- Annuity loan with repayment period over 7 years.
- Floating rate of 6.95% as of June 30, 2023, consisting of a floating rate of 4.30 percent (China Loan Prime Rate 5 Year - LPR) plus a margin of 2.65 percent. Since the loan was entered into, the LPR has been reduced by 0.10 percent to 4.20 percent, but only when the LPR has changed by at least +/- 0.25 percent is the loan's interest rate adjusted.
- Payment of interest and amortization takes place monthly.
- Tangible fixed assets with an installed capacity of 250 MW, sold by transaction to JS Leasing, with a repurchase option of RMB 1,000 at the end of the term.
- The Company have pledged the shares of ASRE and SQ as well as their 52 subsidiaries (SPV's), the account receivable connected to the 250 MW solar energy plants, to JS Leasing. The pledged amount as of June 30, 2023 is SEK 457 million and SEK 28 million, respectively.

The new loan terms result that the Company will reduce costs for financing by approximately SEK 61 million annually, based on the current interest rate situation, compared to the financing costs the Group had during the full year 2022, according to a press release on June 13, 2023. The financing figures include, in addition to interest costs, both accrual of borrowing costs and Chinese taxes. It also gives the Company the opportunity to use new solar energy facilities as collateral for financing continued expansion.

For accounting principles, see note 1.

Bank loans in China

ASRE has six bank loans, as of 30 June 2023, according to the specification below. These loans have previously been continuously extended in six to twelve-month intervals, which we also expect will happen in connection with the maturity dates specified below. All loans are unsecured and short-term.

Bank loans in China

Bank	Principal CNY	Principal SEK	Interest Rate	Repayment Date
China Zheshang Bank	10,000,000	14,953,000	3.95%	2024-05-09
China Merchant Bank	12,000,000	17,943,600	3.95%	2023-09-06
China Merchant Bank	5,000,000	7,476,500	3.65%	2023-12-27
Industrial and Commercial Bank of China	5,000,000	7,476,500	4.57%	2023-09-15
China Merchant Bank	3,000,000	4,485,900	3.65%	2023-12-27
Bank of China	10,000,000	14,953,000	4.60%	2023-11-14
	45,000,000	67,288,500		

Other loans

ASRE has three outstanding loans to sellers of solar cell installations in China that were acquired in 2018. The three loans amount to SEK 12 079 thousand with an interest rate of ten percent, which is paid out annually. The capital debt is in CNY, and the amount is as of the closing currency rate on June 30, 2023.

Related party transactions

The Group has loan liabilities to its main owner Soltech Energy Sweden AB (publ), for SEK 30 069 thousand, and Advanced Solar Power (Hangzhou) Inc., for SEK 27 905 thousand. In 2023, the interest rates for the loans were three percent respectively zero percent. Accrued interest expense, per June 30, 2023 amounted to SEK 4 285 thousand respectively SEK 1 625 thousand. The capital debt and accrued interest are in EUR respectively CNY and are as of the closing currency rate on June 30, 2023. During the year, the company incurred interest expenses based on overdue accounts payable to Advanced Solar Power, with an interest rate of approx. 3.5

percent, amounted to SEK 1,519 thousand. All related party transactions have taken place on a market basis. The following related party transactions took place during the financial year.

Accounts payable other short-term liabilities and accrued expenses

As of June 30, 2023, the Group has outstanding accounts payable to Advanced Solar Power (Hangzhou) Inc, amounting to SEK 200 million, which constitutes a current credit facility equivalent to an "overdraft facility". Of this SEK 200 million, SEK 90 million is due accounts payable, where ASP charges interest. Accrued interest is SEK 2 million.

In addition, the Group has other current liabilities and accrued costs for the construction of new projects to Advanced Solar Power, of SEK 85 million and SEK 54 million, respectively. The company also has a loan to ASP of SEK 30 million, including accrued interest, described above. The original amounts are in CNY, are as of the closing currency rate on June 30, 2023.

Related party transactions

SEK '000

Transaction	Counterpart	230101-230630	220101-220630	220101-221231
Purchase of solar panels	Advanced Solar Power (Hangzhou) Inc.	3,981	110,138	350,185
Purchase of service	Advanced Solar Power (Hangzhou) Inc.	9,342	7,334	14,886
Charged interest	Advanced Solar Power (Hangzhou) Inc.	1,519	339	1,056
Office rental	Advanced Solar Power (Hangzhou) Inc.	48	95	193
Charged interest	Soltech Energy Sweden AB (publ)	478	401	813
		15,368	118,306	367,133



Other information

The Group

The consolidated accounts cover the Swedish parent company Advanced Soltech Sweden AB (publ) ("ASAB") 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. 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. 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.

Risks

All entrepreneurship and ownership of shares is associated with risk-taking and the operations of ASAB is no exception. When assessing the company, it is important to consider a number of risk factors, a selection of which is presented below in a summary. See the Annual report 2022 for a more detailed description of the Group's risks. Below is described the changes from the Annual report 2022.

Currency risk

In connection with the Company's repayment of the SOLT5 bond, in respect of EUR 27 million, ASRE paid its entire loan debt including interest to ASAB, a total of EUR 59 million. During July 2023, the company has repaid the SOLT2 and SOLT3 bonds through partly a targeted new issue and partly the remaining liquid from the loan payment from JS Leasing. The proceeds from JS Leasing have been used so that SQ has repaid all of its loan debt including interest to ASAB, a total of EUR 11 million. After these transactions, the group has no material transactions in EUR.

The Group's operational activities are essentially conducted in China and revenue generation takes place in CNY, and the Group's financial commitments are also in CNY. This has reduced the group's currency risk.

Investment and refinancing

ASAB's ability to pay off its debts according to the SOLT4 bond will above all depend on refinancing opportunities, for example through issues. If the Group is unable to obtain refinancing from SOLT4 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 as needed, it may occur that the scale of operations cannot expand, which may result in the Group being unable to meet its obligations and/or achieve its long-term goals.

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 bond SOLT4, as well as the growth that the company anticipates in 2023. The company will carry out a rights issue during August and September to ensure repayment of SOLT4.

Through the financing agreement with JS Leasing, the opportunity to finance oneself in China has changed in a positive way. The SOLT5 bond was an obstacle in the expansion for the company because both existing and new solar installations were pledged. Now tangible fixed assets of 250 MW of installed capacity are pledged as collateral, while new facilities can be used for new financing. SOLT5 also limited the taking of new loans in China to 40 MCNY. Now the company can finance expansion with new financing in China, without foreclosure of facilities.

The share and owners

The shares are listed for trading on Nasdaq OMX Stockholm, First North Growth Market. The number of shares as of June 30, 2023 amounted to 39,640,390. During the quarter, the company carried out a directed new share issue of approximately SEK 141 million, before issue costs. The issue is ongoing as of 2023-06-30, and SEK 30 million has been paid to the company. The issue will be registered with the Swedish Companies Registration Office during August. The dilution effect depends on the warrant programs as described below.

Number of shares	230101-230630	220101-220630
Opening balance	39,640,390	38,747,539
Share issue	0	892,851
Closing balance	39,640,390	39,640,390
Average number of shares	230101-230630	220101-220630
Before dilution	39,640,390	38,816,983
After dilution	41,577,767	40,754,360

ASAB's major shareholder are:

Major shareholders 2023-06-30	Number of shares	Share capital	Share 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 AB	525,131	1.32%	1.32%
Others	13,947,514	35.19%	35.19%
	39,640,390	100.00%	100.00%

ABOUT ADVANCED SOLTECH

Warrant program

On October 28, 2021, the Annual General Meeting resolved on four warrant programs, see table below. As of June 30, 2023, the total number of warrants that have been issued in the warrant programs corresponds to 4.66 percent of the share capital after the completion of the issues. This creates a potential dilution effect of 4.66 percent of the share capital after the completion of the issue. During the period, there have been no changes regarding the warrant programs.

Warrant 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 Sweden
LTIP 2021/2024 II EC	2021	406,849	406,849	241115-241216	36.45	Board of Directors Sweden
LTIP 2021/2024 I	2021	193,738	193,738	241115-241216	36.45	Employees China
LTIP 2021/2024 II	2021	794,324	794,324	241115-241216	36.45	Board of Directors China
		1,937,377	1,937,377			

Corporate governance

Advanced Soltech Sweden AB (publ) is a Swedish public limited company. The company is formed in Sweden and was registered with Bolagsverket 2016-03-30 and has conducted operations since then. The company follows the rules of the Swedish Companies Act (2005: 551) and other applicable laws and regulations in Stockholm, Sweden where the company has its registered office. In addition to this, the company applies Swedish and international accounting legislation that ensures that the financial reporting meets the requirements.

The basis for the company's operations is the Articles of Association. The object of the company's operations is to conduct financing of the Group's solar energy plants, but not such operations referred to in the Banking and Financing Operations Act and activities compatible therewith.

For more information, see Annual Report 2022, section "Corporate Governance".

Sustainability

Environmental responsibility

ASAB will offer environmentally friendly products and services that are produced with the least possible resource and energy consumption and with low environmental impact. All solar cells owned by ASAB are collected for recycling when they are used up. Wise resource management is a key word within the company and great focus is placed on resource use, regardless of whether it concerns energy, premises, waste, travel or transport, and to reduce these based on reasonable efforts. ASAB works systematically and prevents pollution through a goal-oriented environmental work that is an integral part of the company's culture. Current environmental requirements together with environmental aspects and environmental goals form the basis for our work.

Social responsibility

ASAB shall safeguard the integrity of the company's stakeholders and partners and handle information so that it is protected and managed in a responsible manner. We have a clear focus on sustainability, and we work to ensure that our partners are also expected to share our values and our code of conduct. It is through the employees' commitment, development and competence that we create a culture where we and our partners thrive. As an employer, we take our responsibility by offering each employee a developing and responsible job.

Other

Diversity enriches and we therefore work actively with diversity and gender equality issues. We support and follow the principles of the UN Global Compact initiative.

Forward-looking statements

All forward-looking statements in this report are based on the company's best judgment at the time of the report. Such statements, like all future assessments, contain risks and uncertainties, which may mean that the actual outcome will be different. In addition to what is required by current legislation, forward-looking statements only apply on the day they are made and the company does not undertake to update these in the light of new information or future events.

Auditor's review

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

Calendar

- Interim report for Q3 2023 will be published on November 16th, 2023.



Income Statement

(SEK 000')	230401-230630	220401-220630	230101-230630	220101-220630	220101-221231
Net revenue	53,007	46,212	86,168	71,796	156,972
Other operating income	12,475	12,379	20,018	19,474	46,877
Total revenue	65,482	58,591	106,186	91,270	203,849
OPERATING EXPENSES					
Other external expenses	-15,097	-10,400	-29,456	-19,463	-40,016
Personnel expenses	-4,762	-4,193	-9,408	-8,398	-14,718
Depreciation, amortization and write-downs	-18,549	-16,015	-37,326	-31,742	-69,687
Total operating expenses	-38,408	-30,608	-76,190	-59,603	-124,421
Operating profit / EBIT	27,074	27,983	29,996	31,667	79,428
RESULT FROM FINANCIAL ITEMS					
Interest income and similar income items	35	48	51	244	409
Interest expenses and similar charges	-45,260	-34,104	-82,618	-66,451	-134,944
Currency gains and losses	-20,833	27,389	-21,690	48,328	20,051
Profit after financial items	-38,984	21,316	-74,261	13,788	-35,056
Tax	578	1,900	578	1,900	5,972
The result for the period	-38,406	23,216	-73,683	15,688	-29,084
Attributable to the parent company's owners	-38,361	22,965	-73,555	15,638	-29,426
Minority interest	-45	251	-128	50	342
Earnings per share for the period before dilution, SEK	neg	0.59	neg	0.40	neg
Earnings per share for the period after dilution, SEK	neg	0.56	neg	0.38	neg
Weighted average number of outstanding ordinary shares	39,640,390	38,886,427	39,640,390	38,816,983	39,228,686
Weighted average number of outstanding ordinary shares after dilution	41,577,767	40,823,804	41,577,767	40,754,360	41,166,063

Balance Sheet

(SEK 000')	2023-06-30	2022-06-30	2022-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
Total intangible fixed assets	43,632	47,317	45,180
Total intangible fixed assets	43,632	47,317	45,180
Tangible fixed assets			
Solar PV installations	1,575,527	1,479,055	1,595,681
Solar PV installations under construction	141,837	72,816	125,899
Other tangible assets	2,285	2,360	2,734
Total tangible fixed assets	1,719,649	1,554,231	1,724,314
Financial assets			
Other long-term receivables	49,377	33,353	42,590
Deferred tax assets	6,394	1,451	6,421
Total financial fixed assets	55,771	34,804	49,011
Total fixed assets	1,819,052	1,636,352	1,818,505
Current assets			
Short-term receivables			
Accounts receivable	47,334	53,917	36,371
Other receivables	9,574	4,672	25,932
Prepaid expenses and accrued income	52,188	32,428	31,485
Total current receivables	109,096	91,017	93,788
Cash and bank balances			
Cash and bank balances	77,451	101,515	60,794
Total cash and bank balances	77,451	101,515	60,794
Total current assets	186,547	192,532	154,582
TOTAL ASSETS	2,005,599	1,828,884	1,973,087

Balance Sheet, continued

(SEK 000')	2023-06-30	2022-06-30	2022-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	7,929	7,929	7,928
Ongoing new share issue	599	0	0
Additional paid in capital	598,376	569,195	569,427
Retained earnings including profit/loss for the period	-135,368	320	-56,445
<i>Equity related to:</i>			
Owners of the parent company	467,798	570,741	514,025
Minority interest in equity	3,738	6,703	6,885
Total equity	471,536	577,444	520,910
Provisions			
Deferred tax liability	12,873	12,973	12,928
Total provisions	12,873	12,973	12,928
Non-current liabilities			
Other non-current liabilities	12,079	72,781	73,782
Liabilities to credit institutions	569,658	0	0
Bond loan	0	210,436	0
Total non-current liabilities	581,737	283,217	73,782
Current liabilities			
Liabilities to credit institutions	141,171	42,748	55,563
Bond loan	346,375	726,559	963,358
Accounts payable	209,023	137,377	227,521
Tax liabilities	0	0	783
Other current liabilities	165,891	16,109	13,082
Accrued expenses and prepaid income	76,993	32,457	105,160
Total current liabilities	939,453	955,250	1,365,467
TOTAL EQUITY AND LIABILITIES	2,005,599	1,828,884	1,973,087

Changes in equity

230101-230630

(SEK 000')	Share capital	Ongoing share issue	Other contributed equity	Translation reserve	Retained earnings including profit for the period	Total	Minority share	Total equity
Opening balance	7,928	0	569,427	72,330	-135,660	514,025	6,885	520,910
Result for the period	0	0	0	0	-73,555	-73,555	-128	-73,683
Translation differences	0	0	0	-2,220	0	-2,220	0	-2,220
Rights issue	0	599	29,351	0	0	29,950	-28	29,922
Issue cost	0	0	-402	0	0	-402	0	-402
Acquisition minority shares	0	0	0	0	0	0	-2,991	-2,991
Closing balance	7,928	599	598,376	70,110	-209,215	467,798	3,738	471,536

220101-220630

(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	46,465	15,638	62,103	50	62,153
Translation differences	0	0	0	0	0	530	530
Rights issue	179	17,821	0	0	18,000	0	18,000
Issue cost	0	-1,308	0	0	-1,308	0	-1,308
Warrants	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	-1,386	-1,386
Closing balance	7,929	569,373	84,035	-90,596	570,741	6,703	577,444

Cash flow analysis

(SEK 000')	230401-230630	220401-220630	230101-230630	220101-220630	220101-221231
Cash flows from operating activities					
Operating profit (EBIT)	27,074	27,983	29,996	31,667	79,428
Adjustment for depreciation, amortization and write-downs	18,549	16,015	37,326	31,742	69,687
Adjustment for items not included in the cash flow	-3,109	3,470	-11,523	4,766	6,838
	42,514	47,468	55,799	68,175	155,953
Interest received	34	48	50	244	409
Interest paid	-47,769	-10,592	-92,981	-41,276	-108,965
Income tax paid	-210	-1,487	-210	-1,487	-1,509
	-47,945	-12,031	-93,141	-42,519	-110,065
Change in accounts receivables	-10,196	-15,833	-11,245	-14,466	1,985
Change in other short-term receivables	-11,470	-924	-245	-7,454	-13,563
Change in accounts payables	-41,895	34,987	-17,729	10,749	111,563
Change in other current liabilities	59,724	-29,380	72,232	-48,107	30,955
Cash flow from working capital	-3,837	-11,150	43,013	-59,278	130,940
Cash flow from operating activities	-9,268	24,287	5,671	-33,622	176,828
Investing activities					
Investments in tangible fixed assets	-8,519	-76,531	-38,669	-117,106	-359,201
Change in other financial fixed assets	-19	79,872	2,449	78,159	54,607
Cash flow from investing activities	-8,538	3,341	-36,220	-38,947	-304,594
Financing activities					
Shareholders' contributions	29,950	18,000	29,950	18,000	17,940
Share issue cost	-402	-1,308	-402	-1,308	-1,194
Net proceeds from new loans	673,552	14,800	678,123	14,800	70,594
Repayment of loans	-660,747	-22,200	-660,747	-22,200	-64,586
Payment of warrants	0	0	0	0	0
Dividends to minority interest	0	-1,385	0	-1,385	-1,406
Cash flow from financing activities	42,353	7,907	46,924	7,907	21,348
Cash flow for the period	24,547	35,535	16,375	-64,662	-106,418
Translation difference in cash and cash equivalents	-52	1,643	282	5,453	6,488
Cash and cash equivalents opening balance	52,956	64,337	60,794	160,724	160,724
Cash and cash equivalents closing balance	77,451	101,515	77,451	101,515	60,794

Income Statement

(SEK 000')	230401-230630	220401-220630	230101-230630	220101-220630	220101-221231
REVENUES					
Net revenue	978	826	1,966	1,665	3,366
Other operating income	0	0	0	0	0
Total revenue	978	826	1,966	1,665	3,366
OPERATING EXPENSES					
Other external expenses	-5,209	-1,001	-9,231	-2,568	-5,551
Personnel expenses	-3,666	-3,231	-7,020	-6,556	-11,298
Depreciation, amortization and write-downs	-3	-1	-6	-2	-5
Total operating expenses	-8,878	-4,233	-16,257	-9,126	-16,854
Operating profit / EBIT	-7,900	-3,407	-14,291	-7,461	-13,488
RESULT FROM FINANCIAL ITEMS					
Interest income and similar income items	18,311	19,259	38,323	38,501	76,982
Interest expenses and similar charges	-30,588	-25,521	-59,917	-50,715	-105,649
Currency gains and losses	18,845	18,169	25,279	23,601	44,168
Profit after financial items	-1,332	8,500	-10,606	3,926	2,013
Group contributions	0	0	0	0	71
Tax	0	0	0	0	0
The result for the period	-1,332	8,500	-10,606	3,926	2,084

Balance Sheet

(SEK 000')	2023-06-30	2022-06-30	2022-12-31
ASSETS			
Fixed assets			
Tangible fixed assets			
Other tangible assets	42	15	48
Total tangible fixed assets	42	15	48
Financial assets			
Shares in group companies	698,410	618,660	698,410
Receivables from group companies	172,076	772,871	805,305
Total financial fixed assets	870,486	1,391,531	1,503,715
Total fixed assets	870,528	1,391,546	1,503,763
Current assets			
Receivables			
Receivables from group companies	7,767	61,497	49,842
Other receivables	951	599	672
Prepaid expenses and accrued income	1,395	1,039	715
Total current receivables	10,113	63,135	51,229
Cash and bank balances			
Cash and bank balances	64,922	79,497	1,235
Total cash and bank balances	64,922	79,497	1,235
Total current assets	75,035	142,632	52,464
TOTAL ASSETS	945,563	1,534,178	1,556,227

Balance Sheet, continued

(SEK 000')	2023-06-30	2022-06-30	2022-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	7,928	7,928	7,928
Ongoing new share issue	599	0	0
Unrestricted equity			
Share premium fund	612,730	586,439	583,779
Retained earnings	-67,256	-72,053	-69,339
Profit (loss) for the year	-10,605	3,926	2,084
TOTAL EQUITY	543,396	526,240	524,452
Long-term liabilities			
Bond loan	0	218,690	0
Other long-term liabilities	0	30,298	31,995
Total long-term liabilities	0	248,988	31,995
Current liabilities			
Bond loan	346,375	731,324	970,120
Accounts payable	61	41	15
Liabilities to group companies	0	0	0
Other current liabilities	36,812	232	200
Accrued expenses and prepaid income	18,919	27,353	29,445
Total current liabilities	402,167	758,950	999,780
TOTAL EQUITY AND LIABILITIES	945,563	1,534,178	1,556,227

Notes

Note 1. Accounting and valuation principles

General accounting principles

The 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.

The same accounting principles and calculation bases as in the most recent annual report has been applied, apart from below.

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

Regarding the group's loan financing with Jiangsu Financial Leasing Corp. Ltd., the group has sold the tangible fixed assets (250 MW installed solar PV installations) to the leasing company. The group continues to be responsible for, among other things, operations, insurance and invoicing. In addition, there is a repurchase clause at a symbolic value (1,000 CNY) after the end of the loan agreement. The group has therefore not seen the legal sale of the solar cell installations as an accounting sale. In terms of accounting, these solar PV installations are still reported as tangible fixed assets, with depreciation according to plan. Regarding the loan from Jiangsu Financial Leasing Corp. Ltd., see "loan liabilities and accounts payables".

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, 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.

Regarding the loan from Jiangsu Financial Leasing Corp. Ltd. should the part of the loan that must be amortized within 12 months from the report date be classified as short-term, while the remaining amount is classified as long-term. Costs for taking on long-term loan liabilities are accrued over the term of the loan.

Short-term accounts payable are reported at acquisition value.

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 same estimates and assumptions as in the most recent annual report has been applied, apart from going concern assumption.

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.

As of June 30, 2023, the company has repaid SOLT5, through partial liquidation from Jiangsu Financial Leasing Corp. Ltd. During July 2023, the company has repaid SOL2 and SOLT3 through the remaining liquid from Jiangsu Financial Leasing Corp. Ltd. as well as a directed issue of SEK 141 million, before issue costs.

NOTES

SOLT4, amounting to approximately SEK 70 million, with an ordinary maturity date of November 2023, does not have a ready-made financing ready. The company will make a rights issue (so-called rights issue) during August-September. Fully subscribed, this will bring in SEK 99 million, before issue costs. If the issue is subscribed for a lower amount than SEK 70 million, there is a risk that the company will not be able to repay SOLT4 in November.

Since the company does not have a completely ready financing to cover the financing need that arises in November 2023 in connection with the payment of the bond loan SOLT4, the company has made assessments regarding the company's

ability to sign such financing in 2023 when the company 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, ongoing work with new financiers and 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 some uncertainty regarding continued operations in its current form.

Note 3. Definition of key performance measures

Net revenue

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

Other operating income

Mainly income related to subsidies. To a lesser extent also other income such as investment grants from Chinese authorities and positive currency effects related to the operational activities. The measure is used because it shows ASAB's revenues from subsidies and income other than direct electricity sales.

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)	230401- 230630	220401- 220630	230101- 230630	220101- 220630	220101- 221231
Net revenue	53,007	46,212	86,168	71,796	156,972
Total revenue	65,482	58,591	106,186	91,270	203,849
	81%	79%	81%	79%	77%

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)	230401- 230630	220401- 220630	230101- 230630	220101- 220630	220101- 221231
EBIT	27,074	27,983	29,996	31,667	79,428
Depreciation, amortization and write-downs	18,549	16,015	37,326	31,742	69,687
EBITDA	45,623	43,998	67,322	63,409	149,115

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.



NOTES

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 2023-06-30, the loan debt was SEK 27,905 (28,491) thousand.

(SEK '000)	2023-06-30	2022-06-30	2022-12-31
Short-term interest-bearing debt			
Bank loan in China	67,288	42,748	55,563
Loan Soltech Energy Sweden AB	30,069	0	0
Overdue Accounts Payable Advanced Solar Power (Hangzhou) Inc	89,718	43,101	60,068
JS Leasing	73,883	0	0
Bond loans	346,375	740,479	971,423
Sum short-term interest-bearing debt	607,333	826,328	1,087,054
Long-term interest-bearing debt			
Loan Soltech Energy Sweden AB	0	27,234	28,377
Loan private investors in China	12,079	12,332	12,130
JS Leasing	569,658	0	0
Bond loans	0	218,690	0
Sum long-term interest-bearing debt	581,737	258,256	40,507
Sum interest-bearing debt	1,189,070	1,084,584	1,127,561

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)	2023-06-30	2022-06-30	2022-12-31
Interest-bearing debt	1,189,070	1,084,584	1,127,561
Cash and bank	-77,451	-101,515	-60,794
	1,111,619	983,069	1,066,767

Equity ratio

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

(SEK '000)	2023-06-30	2022-06-30	2022-12-31
Total equity	471,536	577,444	520,910
Total assets	2,005,599	1,828,884	1,973,087
	24%	32%	26%

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)	2023-06-30	2022-12-31
Total equity 2022-03-31		510,041
Total equity 2022-06-30		577,444
Total equity 2022-09-30	617,933	617,933
Total equity 2022-12-31	520,910	520,910
Total equity 2023-03-31	488,685	
Total equity 2023-06-30	471,536	
Total assets 2022-03-31		1,719,031
Total assets 2022-06-30		1,828,884
Total assets 2022-09-30	1,972,654	1,972,654
Total assets 2022-12-31	1,973,087	1,973,087
Total assets 2023-03-31	1,983,224	
Total assets 2023-06-30	2,005,599	
	26%	30%

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.





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