

Advanced Soltech Sweden AB (publ), company number 559056-8878

Interim report April – June 2021



China - the climate goals are affecting our business positively

Advanced Soltech Sweden AB's ("ASAB") produced 49 (38) million kWh during the second quarter. This is our highest production ever in a single quarter. Our installed capacity amounted to 192 MW (140 MW) at the end of the second quarter. The effects of the Corona pandemic affected the quarter to a lesser extent as economic activity is high, but the Chinese price reduction of about five percent on electricity still remain in place. Chinese authorities have begun to set targets for the introduction of roof-based solar energy, which will have a positive effect on the market in which Advanced Soltech operates.

Second quarter 2021, in short

- During the quarter, the company installed a total of 10 (1) MW of roof-based solar energy plants and had 192 (140) MW installed and revenue-generating capacity at the end of the quarter.
- During the quarter, 49 (38) million kWh were produced, which reduced China's CO₂-related emissions by approximately 30,000 (23,000) tonnes.
- At the end of the quarter, the company had 37 (46) MW in subscribed orders, as well as projects in progress of 123 (123) MW.
- During the quarter, the company signed eight contracts amounting to a total installed capacity of 11.0 MW.

Second quarter 2021, in numbers

- Revenues amounted to SEK 45.5 (42.9) million, an increase of 6 percent compared with the previous year.
- Net sales have increased from SEK 23.9 million to SEK 35.8 million, which is due to the company's portfolio of solar energy plants growing.
- Other operating income (subsidies) has decreased from SEK 19.1 million to SEK 9.8 million. During the period, the subsidies were negatively affected by a non-recurring item of SEK 3.2 million for returned subsidies, which at a reassessment was found to belong to the previous owner of the acquired project portfolio. These subsidies were originally recognized as revenue in Q2 2020.
- Operating expenses amounted to SEK 23.9 (14.8) million, an increase of 61 percent. The biggest items to the increase are that costs for maintenance and roof rents have increased, and that the company has strengthened within the management. The increase is in line with the company's plan for growth. In addition, the company has been charged with non-recurring items regarding relocation of three facilities, amounted to SEK 0.8 million.
- Operating profit for the quarter amounted to SEK 21.7 (28.1) million, a decrease of 23 percent compared with the previous year.
- Profit for the year after financial items and tax amounted to SEK -15.4 (-37.0) million and is affected by a non-cash flow-affecting currency effect of SEK -3.5 (-32.7) million. Adjusted for this item, profit for the year amounted to SEK -11.9 (-4.2) million.
- Total cash flow for the quarter amounted to SEK -0.1 (58.7) million.
- The number of employees at the end of the period was 16 (14).
- According to the company's estimate, the effects of the Corona pandemic affected the company by SEK -1.3 (-5.0) million during the quarter, due to declining revenues due to a general price reduction.

First half year 2021, in numbers

- Revenues amounted to SEK 72.6 (59.0) million, an increase of 23 percent compared with the previous year.
- Operating profit amounted to SEK 28.8 (31.7) million, a decrease of 9 percent compared with the previous year.
- Profit after financial items and tax amounted to SEK -0.5 (-36.8) million and is affected by a non-cash flow-affecting currency effect of SEK 36.6 (-6.1) million. Adjusted for this item, the result amounted to SEK -37.0 (-30.7) million.
- Total cash flow amounted to SEK -45.5 (21.3) million.
- According to the company's estimate, the effects of the Corona pandemic affected the company by SEK -1.9 (-10.5) million, due to declining revenues due to a general price reduction. The first quarter of 2020 was affected in larger extent of the Corona pandemic.

Significant events after the end of the period

- The company receives SEK 46.6 million before deductions for issue costs in new issues of preference shares.
- Advanced Soltech signed contracts amounting to an installed capacity of 6.7 MW with four customers.

Key performance measures

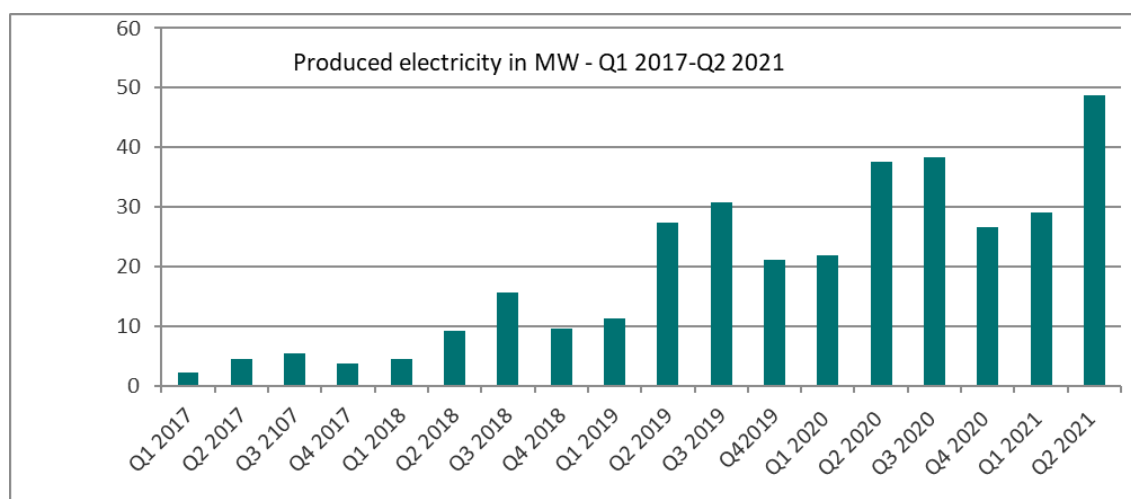
Financial Key performance measures (**)	210401- 210630	200401- 200630	210101- 210630	200101- 200630	200101- 201231
Net revenue share of total revenue	79%	56%	76%	57%	62%
EBIT	21 659	28 138	28 773	31 749	76 179
EBIT%	48%	66%	40%	54%	55%
EBITDA	33 662	38 423	52 058	52 517	115 251
EBITDA%	74%	89%	72%	89%	83%
Amortization of capitalised borrowing costs	6 458	4 105	13 367	10 097	22 945
Interest expenses	21 571	23 860	42 983	44 572	85 656
Net result per share (*)	-0,72	-1,74	-0,03	-2,05	-4,97

Operational Key performance measures (**)					
Produced electricity, millions of kWh	49	38	78	56	124
Reduction of China's CO2-related emissions, tonnes	30 000	23 000	48 000	35 000	77 000

Financial Key performance measures	2021-06-30	2020-06-30	2020-12-31
Interest-bearing debt	980 456	1 052 816	977 322
Net interest-bearing debt	951 069	981 614	903 997
Equity ratio	16%	11%	16%

Operational Key performance measures			
Installed capacity, MW	192	140	177
Average remaining contract time, years	17	17	18
Signed orders, MW	37	46	38

Produced electricity in MW Q1 2017 – Q2 2021



Comments from the CEO

” Continued good demand from the Chinese market”

Max Metelius
CEO



During the second quarter our production reached 49 million kWh (38 million kWh), which is our highest production during a quarter to date. In this quarter we have seen strong economic recovery and good demand.

During the second quarter of 2021, Advanced Soltech took new orders corresponding to 16 MW. We have also connected 10 MW to the grid and now have a total of 192 MW in producing facilities, which corresponds to one fifth of all solar that was installed in Sweden at the end of 2020. It is enough to supply about 38,000 Swedish households with electricity.

The effects of the Corona pandemic are beginning to subside, and we are returning to a normalized situation even though there are reports of local covid-outbreaks. The only major burden remaining is the general reduction in electricity prices of about five percent that was introduced last year in order to stimulate the domestic economy. At the same time, I can also state that there is still very good demand from the Chinese market for our offer.

In August, a new extensive climate report was released by the UN's climate panel IPCC. The report shows that the extreme weather phenomena that have become increasingly common are related to human activity, i.e. greenhouse gas emissions. The report confirms the enormous need for investments in the sector where we are active, and that the transition to a fossil-free economy will become an increasingly pressing issue. In the light of this, the capital markets to a larger extent will turn their focus to investments in the green sector, which will benefit the sector in which we are active. Having a scalable business model, like we do, that brings very effective climate benefits, will be in demand.

Today, the Chinese economy is among the strongest in the world. Although China's new role as an economic superpower creates friction in international relations, the situation begins to normalize after Biden has taken office as US president. At the same time, China's climate policy is becoming increasingly concrete. The so-called 30-60 target means that China's greenhouse gas emissions will decrease from 2030 and that the country will be carbon neutral by 2060.

An important building block in the conversion to a carbon neutral economy is the use of roof-based solar energy, something that is covered by a directive that was published in June this year. The directive states that the goal for buildings where there is government activity is that 50 percent of the roof area should be covered by solar panels. For public buildings, such as schools and hospitals, 40 percent applies and for commercial and industrial buildings 30 percent. The directive will have a very positive effect on demand in the segment in which we are active.

Demand is, as previously stated, still very good and our bottleneck continues to be the financing we need to deliver projects on time to new customers. Therefore, the company has carried out an issue of preference shares totaling SEK 46.6 million before deductions for issue costs in order to be able to continue investing at a high rate until we have a new capital structure in place.

Our platform for sales, installation and management works very well and is scalable. We also see that there is a local interest in financing our business, which will give us good opportunities to create a balanced capital structure with a larger share in Chinese Yuan.

The planned listing is primarily aimed at creating better conditions for financing the company's operations and is of course an important factor in creating the capital structure we need for the future. We have, together with our advisers DNB and Carnegie, moved forward in the listing process and will return with more detailed information at the appropriate time.

From an environmental perspective, we estimate, based on our current installations, that the reduced carbon dioxide emissions that Advanced Soltech contributes on an annual basis amount to 120,000 tonnes. By way of comparison, Swedish production of electricity and district heating generated a total of 4,568,000 tonnes of carbon dioxide emissions in 2019. The explanation behind the relatively large reduction in China is that we replace the very dirty coal-based Chinese electricity mix with clean solar in, where it makes the most impact from an environmental and climate perspective.

We can therefore proudly say that we continue to build a viable and profitable company that at the same time contributes with a fantastic climate benefit.

August 2021

Max Metelius
CEO

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.

Business model

ASAB offers Chinese customers electricity from solar energy plants located on the roofs of customers' properties. ASAB operates through wholly owned Chinese subsidiaries. ASAB's offer means that the company invests in, owns and operates the solar energy plant, in exchange for the customer 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. ASAB normally has a gross return on its new facilities of 12–15 percent.

After the end of the 20-year contract period, the contract is automatically extended by five years, unless the customer chooses to terminate the contract and requests eviction. The customer can also buy the facility at a pre-agreed price. The contracts that ASAB has signed before 2020 often have public subsidies that remain throughout the contract period, while the levels for districts and cities remain 3-5 years from the date of connection to the electricity grid. 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 as the cost for building facilities has decreased significantly

If a property is sold during the contract period, the customer must either buy the facility from ASAB or, after ASAB's approval, ensure that the new property owner takes over 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

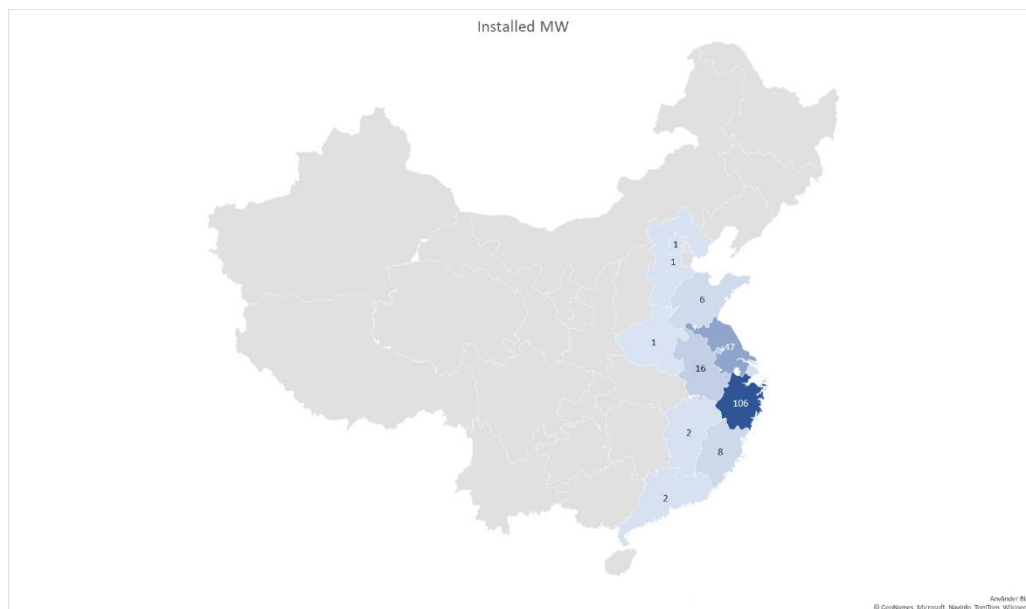
ASAB's customer base consists of 80 percent of private companies and 20 percent of state-owned operations. Common to the company's customers is that they are large organizations with thousands of employees. They also need large suitable roof areas, as ASAB's average facility occupies

approximately 15,000 square meters. Customers can be active in a number of areas, from the manufacture of vehicle components to brewing operations, or in the public sector a university or the Beijing Opera. A customer base with predominantly large customers provide stability for ASAB.

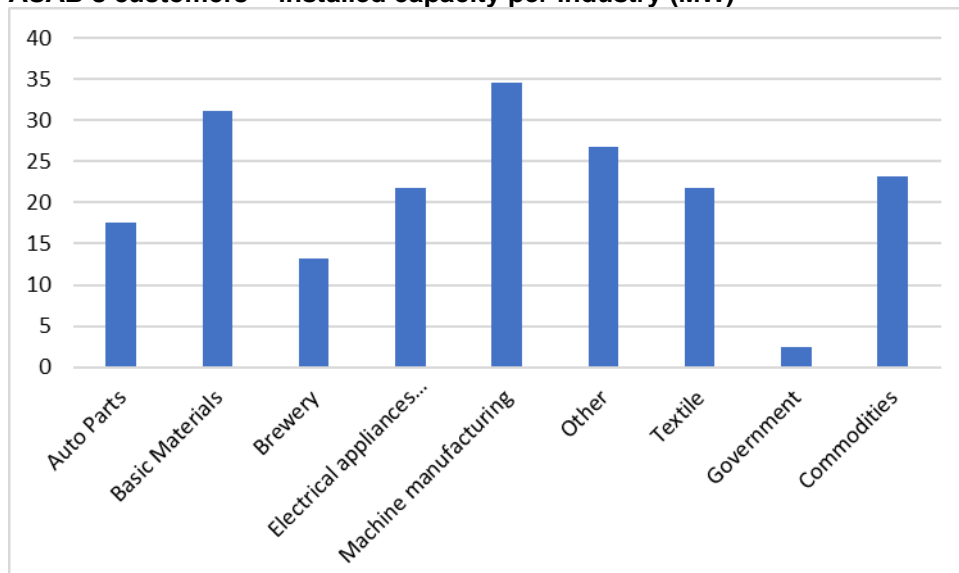
The reason why customers choose Advanced Soltech is that they get access to green electricity in an easy way and at a lower price than the electricity they can buy from the grid. ASAB carries out a thorough assessment of its customers' creditworthiness. Today, the company has 127 customers, which means 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 gives 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.

ASAB's customers – installed capacity per region (MW)



ASAB's customers – installed capacity per industry (MW)



ABOUT ADVANCED SOLTECH

Financial information for the group

The Board of Directors and the CEO for Advanced Soltech Sweden AB (publ) ("ASAB") may hereby submit an interim report for the period April - June 2021.

Net sales and results for the Group

- Revenues amounted to SEK 45.5 (42.9) million, an increase of 6 percent compared with the previous year.
- Net sales have increased from SEK 23.9 million to SEK 35.8 million, which is due to the company's portfolio of solar energy plants is growing.
- Other operating income (subsidies) has decreased from SEK 19.1 million to SEK 9.8 million. During the period, the subsidies were negatively affected by a non-recurring item of SEK 3.2 million for reversed subsidies, which at a reassessment was found to belong to the previous owner of the acquired project portfolio. These subsidies were originally recognized as revenue in Q2 2020. Part of the subsidies, at district and city level, are limited in time for up to 5 years from the start date, which causes them to gradually fall off continuously and decrease the total amount of subsidies received. The company has also re-periodized subsidies between quarters 2, 3 and 4 during 2020, see Note 3.
- Operating expenses amounted to SEK 23.9 (14.8) million, an increase of 61 percent. The biggest items to the increase are that costs for maintenance and roof rents have increased, and that the company has strengthened the management. The increase is in line with the company's plan for growth. In addition, the company has been charged with non-recurring items regarding relocation of three facilities, amounted to SEK 0.8 million.
- Operating profit amounted to SEK 21.7 (28.1) million, a decrease of 23 percent compared with the previous year.
- Interest expenses and similar income items amounted to SEK 32.3 (32.4) million.
- Interest expenses (excluding taxes, VAT and periodizing of borrowing costs) amounted to SEK 21.6 (23.9) million.
- Exchange rate difference amounted to SEK -3.5 (-32.7) million and each mainly attributable to a strengthen of the Swedish krona against CNY (+0.9 percent since March 31) respectively EUR (+1.1 percent). Previous year, the strengthen of Swedish krona was larger, +7.0 percent versus CNY and +5.4 percent versus EUR. 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 -15.4 (-37.0) million

Cashflow for the Group

- The Group's total cash flow amounted to SEK -0.1 (58.7) million.
- Current operations generated a cash flow of SEK 77.2 (9.0) million. The single largest item that affects cash flow positive is accounts payable.
- Investment activities generated a cash flow of SEK -77.3 (-36.2) million, which for the most part consists of investment in new solar panels. The lower investment rate regarding 2020 depends on Covid-19.
- Financing activities generated a cash flow of SEK 0.0 (85.9) million, when no new loans were raised, or new issues were carried out. For previous year the company carried out a tap issue under the SOLT5 bond framework.

Financial standing for the Group

- Total assets amounted to SEK 1,416 (1,254) million.
- Tangible fixed assets amounted to SEK 1,158 (958) million, which for the most part consists of solar energy plants.
- Financial fixed assets amounted to SEK 87 (97) million, which mainly consists of the VAT claim, which arises
 - when the company invests in new solar energy plants.
- Cash and bank amounted to SEK 29 (71) million.

- Equity amounted to SEK 220 (136) million.
- Long-term liabilities amounted to SEK 962 (945) million, lasting of bond loans less capitalized borrowing costs,
- loans from the two main owners and one smaller external loan.
- Current liabilities amounted to SEK 225 (165) million, the largest the item consists of accounts payable.

The quarter in figures for the parent company

- Revenues amounted to SEK 0.0 (3.3) million.
- Operating expenses amounted to SEK 3.7 (5.0) million.
- Operating profit amounted to SEK -3.7 (-1.8) million.
- Interest expenses and similar income items amounted to SEK 25.2 (22.9) million, an increase of 10 percent compared with the previous year.
- Interest expenses (excluding taxes, VAT and periodizing of borrowing costs) amounted to SEK 21.3 (21.2) million.
- Exchange rate difference amounted to SEK -5.0 (-21.7) million, an improvement of 77 percent compared with the previous year.
- Profit after tax amounted to SEK -14.8 (-27.5) million. The main reason for the improved result is the exchange rate gain.
- The number of employees at the end of the period was 4 (2).

Bond loan

Bond loans and pledged collateral In January 2019, ASAB issued its first institutional Green Bond, SOLT5. The payment from the bond issue has used to finance solar panel plants in China. SOLT5 was listed on the Nasdaq First North Sustainable Bond Market with the first trading day on March 21, 2019. The issuer shall ensure that all downstream loans that ASAB provides to them Chinese subsidiaries must always be pledged with the issuer as beneficiaries:

- pledge of the solar power plants owned by the Chinese subsidiaries (or its relevant subsidiaries) as then financed by downstream loans, with the exception of such assets with minority interests;
- pledge of the Chinese subsidiaries (or their relevant subsidiaries) over receivables under the roof agreements regarding the installation and operation of the solar energy plants that have financed by downstream loans other than such assets with minority interests.

Below is a list of ASAB's bond loans.

<u>Bond loan</u>	<u>Currency</u>	<u>Principal</u>		<u>Booked value</u>	<u>Redemption</u>	<u>Interest</u>
		<u>MEUR</u>	<u>MSEK</u>	<u>MSEK</u>	<u>day</u>	<u>rate</u>
SOLT2	SEK		127,7	127,7	2023-02-28	8,75%
SOLT3	SEK		148,3	148,3	2023-07-09	8,75%
SOLT4	SEK		70,4	70,4	2023-11-08	8,25%
SOLT5 (*)	EUR	27,3		276,8	2023-01-25	9,00%
SOLT5 (**)	SEK		320,8	320,8	2023-01-25	9,00%
				944,0		

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

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

Transactions with related parties

The following related party transactions, with market conditions, took place during the period.

Transaction	Counterpart	210101-	200101-	200101-
		210630	200630	201231
Purchase of solar panels	Advanced Solar Power (Hangzhou) Inc.	156 346	62 088	148 443
Purchase of service	Advanced Solar Power (Hangzhou) Inc.	3 685	0	0
Charged interest	Advanced Solar Power (Hangzhou) Inc.	0	1 147	1 449
Office rental	Advanced Solar Power (Hangzhou) Inc.	33	40	178
Charged interest	Soltech Energy Sweden AB (publ)	388	1 200	781
		160 451	64 475	150 851

Other Information

Risks

Risk is defined as uncertainty, positive or negative, which can affect ASAB's goals and the ability to achieve the best possible results. The risks are divided into four categories:

- financial risks
- business and strategic risks
- country risk
- legal and regulatory risks.

Based on the type and characteristics of the risk, management is responsible for conducting risk analyzes and developing action plans and implementing these to reduce uncertainty where possible and optimize the financial effects. Policy and process for risk management as well as the most important overall risks must be reported in ASAB's annual report and short-term risks must be reported in the quarterly reports if necessary. Below are two areas that the company considers to be particularly critical of the business.

Dependance on key personnel

ASAB is a relatively small company and is dependent on key personnel and key employees. If the company loses these people or finds it difficult to attract equally qualified employees, this can 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 staff. This in turn depends on factors such as the company's business development, ability to create stimulating tasks, workload, incentive programs 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 persons significantly changes or reduces their roles within the Company, there is a risk that the Company will not be able to find qualified replacements or services that can contribute in good time. corresponding way to the Company's operations. This may delay and / or complicate the continued development of ASAB.

Currency risk

Concerns in the foreign exchange market involve currency risks as the Company operates in an international market. A weakening of the Swedish krona compared with the euro, but perhaps above all with the Chinese currency, RMB (yuan), would mean increased costs and could affect the Company's earnings and financial position. The company has external loans in Euro but has an accounting currency in SEK, which can lead to accounting currency losses. The company has, together with an external party, worked to formulate a currency policy in order to handle currency fluctuations in the best and most cost-effective way.

Sustainability

Environmental responsibility

Advanced Soltech 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 sold by Advanced Soltech 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. Advanced Soltech 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

Advanced Soltech 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. Employees are one of the company's most important assets. It is through the employees' commitment, development and competence that we create a culture where we and our partners thrive. We strive for a work climate and a work environment that is the best possible for all employees. 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.

Owner and the share

The company is 50.82 percent owned by Soltech Energy Sweden AB (publ) and 48.83 percent by Advanced Solar Power (Hangzhou) Inc. The remaining 0.35 percent shareholding consists of preference shareholders.

The Group

The report covers Advanced Soltech Sweden AB (publ), consisting of the Swedish parent company Advanced Soltech

Sweden AB (publ) and the wholly owned subsidiaries

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

The two Chinese subsidiaries are in their turn the parent companies of local Chinese companies, so-called SPVs (Special Purpose Vehicle) established in different regions of China. The companies are without employees.

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 its. 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.

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, as stated in the Articles of Association §3. The Articles of Association have been revised during the financial year, mainly §5 applicable share number, this to be able to issue preference shares.

The Annual General Meeting approves the Articles of Association and appoints them annual board. The board is responsible for the company's organization and administration and appoints or dismisses the CEO. The Board annually adopts written rules of procedure for his work, combined with a CEO instruction for distribution of work between the board and the CEO.

Issues relating to remuneration or auditing are decided directly by the company's board of directors, via the Remuneration Committee and the Audit Committee. All members of the Board are elected next Annual General Meeting. Each individual board member reserves the right to resign at any time.

In addition to the laws and regulations that regulate the company's operations as above, the company applies Swedish and international accounting legislation that ensures that the financial the reporting meets the requirements.

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. The company does not provide any forecasts.

Calendar

- Interim report for the third quarter of 2021 will be published on November 9, 2021
- Year-end report of 2021 will be published on February 24, 2022

ADVANCED SOLTECH GROUP

Income Statement

(SEK 000')

	210401- 210630	200401- 200630	210101- 210630	200101- 200630	200101- 201231
	Actual	Actual	Actual	Actual	Actual
Net revenue	35 767	23 858	55 475	33 815	86 401
Other operating income	9 780	19 075	17 112	25 173	52 393
Total revenue	45 547	42 933	72 587	58 988	138 794
Operating expenses					
Other external expenses	-8 142	-3 075	-13 761	-3 718	-13 761
Personnel expenses	-3 690	-1 435	-6 715	-2 753	-9 115
Depreciation and amortization	-12 003	-10 285	-23 285	-20 768	-39 072
Other operating expenses	-53	0	-53	0	-667
Total operating expenses	-23 888	-14 795	-43 814	-27 239	-62 615
Operating profit / EBIT	21 659	28 138	28 773	31 749	76 179
Result from financial items					
Interest income and similar income items	28	1 713	62	1 777	1 839
Interest expenses and similar charges	-32 261	-32 418	-64 519	-62 561	-123 637
Currency gains and losses	-3 485	-32 748	36 595	-6 125	-41 340
Profit after financial items	-14 059	-35 315	911	-35 160	-86 959
Tax	-1 366	-1 643	-1 365	-1 643	-10 058
The result for the period	-15 425	-36 958	-454	-36 803	-97 017
Attributable to the parent company's owners	-15 601	-37 305	-563	-37 083	-98 477
Minority interest	176	347	109	280	1 460

Balance Sheet

(SEK 000')	2021-06-30	2020-06-30	2020-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
Total intangible fixed assets	43 245	44 961	42 266
Total intangible fixed assets	43 245	44 961	42 266
Tangible fixed assets			
Solar PV installations	1 144 187	883 459	918 209
Solar PV installations under construction	11 614	52 489	59 963
Other tangible assets	1 963	1 792	1 703
Prepayments of solar PV installations	0	20 690	0
Total tangible fixed assets	1 157 764	958 430	979 875
Financial assets			
Other long-term receivables	85 617	87 243	88 271
Deferred tax assets	1 682	9 797	7 858
Total financial fixed assets	87 299	97 040	96 129
Total fixed assets	1 288 308	1 100 431	1 118 270
Current assets			
Short-term receivables			
Accounts receivable	35 802	31 566	23 537
Tax receivable	0	345	0
Other receivables	20 816	25 524	16 790
Prepaid expenses and accrued income	41 391	25 062	25 128
Total current receivables	98 009	82 497	65 455
Cash and bank balances			
Cash and bank balances	29 387	71 202	73 325
Total cash and bank balances	29 387	71 202	73 325
Total current assets	127 396	153 699	138 780
TOTAL ASSETS	1 415 704	1 254 130	1 257 050

Balance Sheet, continued

(SEK 000')	2021-06-30	2020-06-30	2020-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	4 316	4 300	4 316
Additional paid in capital	331 950	208 732	331 950
Retained earnings including profit/loss for the period	-116 013	-77 025	-133 589
<i>Equity related to:</i>			
<i>Owners of the parent company</i>	213 368	129 753	195 631
<i>Minority interest in equity</i>	6 885	6 254	7 046
Total equity	220 253	136 007	202 677
Provisions			
Deferred tax liability	8 433	8 089	7 853
Total provisions	8 433	8 089	7 853
Non-current liabilities			
Other non-current liabilities	36 681	37 258	34 886
Liabilities to group companies	27 949	28 930	27 323
Bond loan	897 280	879 197	882 699
Total non-current liabilities	961 910	945 385	944 908
Current liabilities			
Liabilities to credit institutions	0	37 024	0
Accounts payable	187 185	93 776	56 600
Tax liabilities	165	1 906	9 116
Other current liabilities	10 389	7 564	8 547
Accrued expenses and prepaid income	27 369	24 379	27 349
Total current liabilities	225 108	164 649	101 612
TOTAL EQUITY AND LIABILITIES	1 415 704	1 254 130	1 257 050

ADVANCED SOLTECH GROUP

Changes in equity

210401-210630	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	6 249	-109 949	232 566	6 767	239 333
Result for the period	0	0	0	-15 601	-15 601	176	-15 425
Translation differences	0	0	-3 597	0	-3 597	-57	-3 654
Dividends	0	0	0	0	0	-1	-1
Closing balance	4 316	331 950	2 652	-125 550	213 368	6 885	220 253

200401-200630	Share capital	Other contributed equity	Translation reserve	Retained earnings including profit for the period	Total	Minority share	Total equity
Opening balance	4 300	185 692	27 622	-26 287	191 327	6 361	197 688
Result for the period	0	0	0	-37 305	-37 305	347	-36 958
Translation differences	0	0	-24 268	0	-24 268	-455	-24 723
Rights issue	0	0	0	0	0	0	0
Closing balance	4 300	185 692	3 354	-63 592	129 754	6 253	136 007

200101-201231	Share capital	Other contributed equity	Translation reserve	Retained earnings including profit for the period	Total	Minority share	Total equity
Opening balance	500	189 492	5 366	-26 509	168 849	6 032	174 881
Result for the period	0	0	0	-98 478	-98 478	1 460	-97 018
Translation differences	0	0	-21 013	0	-21 013	-447	-21 460
Rights issue	3 816	154 075	0	0	157 891	0	157 891
Issue cost	0	-11 617	0	0	-11 617	0	-11 617
Closing balance	4 316	331 950	-15 647	-124 987	195 632	7 045	202 677

Cash flow analysis

(SEK 000')	210401-210630	200401-200630	210101-210630	200101-200630	200101-201231
Cash flows from operating activities					
Operating profit (EBIT)	21 659	28 138	28 773	31 749	76 179
Adjustment for depreciation and amortization	12 003	10 285	23 285	20 768	39 072
Adjustment for items not included in the cash flow	337	-92	203	-3 867	-4 019
	33 999	38 331	52 261	48 650	111 232
Interest received	28	564	62	628	1 839
Interest paid	-15 817	-13 038	-48 258	-41 136	-108 816
Income tax paid	-2 194	-1 945	-2 568	-2 053	-614
	-17 983	-14 419	-50 764	-42 561	-107 591
Change in accounts receivables	-9 500	-9 104	-10 895	-9 441	-2 418
Change in other short-term receivables	-8 050	-11 650	-15 931	-18 241	-16 841
Change in accounts payables	81 197	1 926	125 938	-3 318	-29 810
Change in other current liabilities	-2 507	3 923	829	4 718	11 192
Cash flow from working capital	61 140	-14 905	99 941	-26 282	-37 877
Cash flow from operating activities	77 156	9 007	101 438	-20 193	-34 236
Investing activities					
Investments in tangible fixed assets	-85 374	-25 565	-147 748	-35 501	-136 306
Investments in intangible fixed assets	0	0	0	0	0
Investments in other financial fixed assets	8 109	-10 681	1 414	-8 973	1 107
Cash flow from investing activities	-77 265	-36 246	-146 334	-44 474	-135 199
Financing activities					
Shareholders' contributions	0	0	0	0	157 891
Share issue cost	0	0	0	0	-11 617
Net proceeds from new loans	0	85 946	0	85 946	86 368
Repayment of loans	0	0	0	0	-37 526
Dividends to minority interest	-1	0	-624	0	0
Cash flow from financing activities	-1	85 946	-624	85 946	195 116
Cash flow for the period	-110	58 707	-45 520	21 279	25 681
Translation difference in cash and cash equivalents	-228	-1 166	1 582	73	-2 206
Cash and cash equivalents opening balance	29 725	13 661	73 325	49 850	49 850
Cash and cash equivalents closing balance	29 387	71 202	29 387	71 202	73 325

PARENT COMPANY

Income Statement

(SEK 000')	210401-210630	200401-200630	210101-210630	200101-200630	200101-201231
Net revenue	0	3 269	0	6 233	6 235
Other operating income	1	0	15	0	284
Total revenue	1	3 269	15	6 233	6 519
Operating expenses					
Other external expenses	-649	-3 716	-1 342	-5 646	-8 380
Personnel expenses	-2 948	-1 052	-5 246	-1 873	-5 938
Depreciation and amortization	-1	0	-2	0	-1
Other operating expenses	-53	-256	-54	-256	-665
Total operating expenses	-3 651	-5 024	-6 644	-7 775	-14 984
Operating profit / EBIT	-3 650	-1 755	-6 629	-1 542	-8 465
Result from financial items					
Interest income and similar income items	19 091	18 768	38 137	35 476	72 957
Interest expenses and similar charges	-25 204	-22 892	-50 255	-44 251	-94 209
Currency gains and losses	-5 002	-21 660	4 300	1 582	-19 352
Profit after financial items	-14 765	-27 539	-14 447	-8 735	-49 069
Tax	0	0	-213	0	474
The result for the period	-14 765	-27 539	-14 660	-8 735	-48 595

PARENT COMPANY

Balance Sheet

(SEK 000')	2021-06-30	2020-06-30	2020-12-31
ASSETS			
Fixed assets			
Tangible fixed assets			
Other tangible assets	20	0	22
Total tangible fixed assets	20	0	22
Financial assets			
Shares in group companies	461 922	402 581	461 922
Receivables from group companies	732 694	696 099	726 365
Total financial fixed assets	1 194 616	1 098 680	1 188 287
Total fixed assets	1 194 636	1 098 680	1 188 309
Current assets			
Receivables			
Receivables from group companies	54 858	5 886	34 610
Tax receivable	0	0	66
Other receivables	517	10 288	399
Prepaid expenses and accrued income	12 479	131	5 956
Total current receivables	67 854	16 305	41 031
Cash and bank balances			
Cash and bank balances	7 155	56 699	38 509
Total cash and bank balances	7 155	56 699	38 509
Total current assets	75 009	73 004	79 540
TOTAL ASSETS	1 269 645	1 171 684	1 267 849
EQUITY AND LIABILITIES			
Equity			
Share capital	4 316	4 300	4 316
Additional paid in capital	346 301	200 043	346 301
Retained earnings	-45 766	2 829	2 829
Profit (loss) for the year	-14 660	-8 735	-48 595
Total equity	290 191	198 437	304 851
Long-term liabilities			
Liabilities to group companies	27 949	28 930	27 323
Bond loan	919 129	911 918	908 887
Total long-term liabilities	947 078	940 848	936 210
Current liabilities			
Accounts payable	5 747	7 368	620
Tax liabilities	0	459	0
Other current liabilities	571	449	572
Accrued expenses and prepaid income	26 058	24 123	25 596
Total current liabilities	32 376	32 399	26 788
TOTAL EQUITY AND LIABILITIES	1 269 645	1 171 684	1 267 849

PARENT COMPANY

Changes in equity

210401-210630	Share capital	Retained earnings	Share premium fund	Result for the period	Total equity
Opening balance	4 316	-45 766	346 301	105	304 956
Disposition of results	0	0	0	0	0
Rights issue	0	0	0	0	0
Result for the period	0	0	0	-14 765	-14 765
Closing balance	4 316	-45 766	346 301	-14 660	290 191

200401-200630	Share capital	Retained earnings	Share premium fund	Result for the period	Total equity
Opening balance	4 300	2 829	200 043	18 804	225 976
Disposition of results	0	0	0	0	0
Rights issue	0	0	0	0	0
Result for the period	0	0	0	-27 539	-27 539
Closing balance	4 300	2 829	200 043	-8 735	198 437

200101-201231	Share capital	Retained earnings	Share premium fund	Result for the period	Total equity
Opening balance	500	7 689	203 845	-4 860	207 174
Disposition of results	0	-4 860	0	4 860	0
Rights issue	3 816	0	154 073	0	157 889
Issue cost	0	0	-11 617	0	-11 617
Result for the period	0	0	0	-48 595	-48 595
Closing balance	4 316	2 829	346 301	-48 595	304 851

Note 1. Accounting and valuation principles

General accounting principles

The Interim 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.

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 energy 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.

VAT Receivable

The Chinese companies have a VAT receivable, accounted to 85.6 MSEK at the end of the period, 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.

Deferred tax liability

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

Accounts receivable

The Group has an accounts receivable, accounted to 35.8 MSEK at the end of the period, when selling electricity to Chinese customers. The Group makes an ongoing assessment of accounts receivable and this may result in a provision for bad debts. The Company's assessment is that the Company's customers are financially healthy and that payment of outstanding accounts receivable will take place, however with some delay due to external factors, such as Covid-19.

Note 3. Correction of previous published report for Q2 2020

Reports for the Group

The reporting for 2020 has been corrected on several occasions, partly what was reported in the year-end report for 2020 partly what was reported in the report for the first quarter of 2021. These corrections take effect for reports for the second quarter for 2020, see summaries below.

Income Statement 2020-01-01--2020-06-30	Previous reported	Correction	Corrected report
Total revenue	63 487	-4 500	58 987
Operating profit / EBIT	36 454	-4 706	31 748
Result from financial items	-61 725	-5 184	-66 909
Tax	0	-1 643	-1 643
The result for the period	-24 991		-37 084

Income Statement 2020-04-01--2020-06-30	Previous reported	Correction	Corrected report
Total revenue	47 432	-4 499	42 933
Operating profit / EBIT	32 064	-3 925	28 139
Result from financial items	-66 468	3 015	-63 453
Tax	0	-1 643	-1 643
The result for the period	-34 404		-36 957

Balance Sheet 2020-06-30	Previous reported	Correction	Corrected report
Assets			
Total fixed assets	1 063 968	36 463	1 100 431
Total current assets	148 067	5 632	153 699
Total assets	1 212 035	42 095	1 254 130
Equity and liabilities			
Total equity	131 573	4 434	136 007
Total provisions and non-current liabilities	956 070	-2 596	953 474
Total current liabilities	124 392	40 257	164 649
Total equity and liabilities	1 212 035	42 095	1 254 130

Reports for the parent company

Corrections were made in the interim report for the first quarter of 2021 for the first quarter of 2020. When it previously left Q2 reports for the period January to June 2020 are unchanged. This means that the period April to June 2020 will be changed corresponding to the corrections made for the period January to March.

Income Statement 2020-04-01--2020-06-30	Previous reported	Correction	Corrected report
Revenue	3 269	0	3 269
Operating profit / EBIT	-1 754	0	-1 754
Result from financial items	-31 740	5 956	-25 784
Tax	0	0	0
The result for the period	-33 494		-27 538

ADVANCED SOLTECH GROUP

Note 4. Definition of key performance measures

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 since it provides an overview of the profitability of the operations before depreciation and amortization.

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.

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.

Interest-bearing debt

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

Net interest-bearing debt

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

Equity ratio

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

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

Interest expense and similar charges less interest expense, capitalised borrowing costs, taxes relating to intra-group interest payments and withholding tax on interest payments from China. The measure is used since it shows ASAB's expenses related to borrowings, excluding interest expenses.

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.

Result per share

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